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CAR CO. PAYMENT REPRESENTS FRUIT DILIGENT EFFORTS

Dividend Policy of Directors Depends on Company's Cash, Working Capital Needs

BANK LOANS A FACTOR

Actual payment to Canadian Car & Foundry Co. Ltd., during the past week of approximately $6,000,000 on account of company's reparations claim by the Mixed Claims Commission at Washington represents the fruits of unremitting effort over a long period of years on the part of company's officials.

To Leonard A. Peto, vice-president and general manager, payment on the "German Claim" will bring particular satisfaction as it is to him that chief credit for the successful outcome of this long drawn-out quest for war reparations is due. He travelled throughout North and South America and to Europe in search of evidence of German sabotage in the U.S. during the war of 1914-1918, particularly in connection with the Kingsland explosion in which his company was directly interested. There were times during the past 10 or 12 years when hopes were high and the fruits of his efforts appeared ready for picking. But always disappointments in some form or another cropped up to call for further work and renewed patience. In the light of his experiences in connection with the claim it seems certain that Mr. Peto and the president of the company Victor M. Drury, both went to Washington last week to receive the cheque from the U.S. Treasury with their fingers crossed.

Conjecture on Dividends

There has been considerable conjecture in financial circles as to what preferred shareholders are likely to get from the 3 to 3½ million dollars net that is expected to accrue to the company as a result of this payment. Hopes have been held for the payment of dividend arrears in full and resumption of regular dividends. These hopes, however, may be somewhat optimistic. While no official indications are available it appears possible if not probable that Canadian Car will shortly resume dividends on the preferred.

Whether action will be taken to make immediate payments on preferred dividend arrears is more doubtful, in view of the importance of cash and a strong liquid position to companies, such as Canadian Car, heavily engaged on war contracts. Also, the Canadian government has been none too favorable toward paying off debts or dividend arrears, just at this time, when a heavy program of war financing is ahead, and companies with strong surplus positions are being counted on heavily to subscribe to war loan issues. The bank loans of $3,083,000 shown in recently published balance sheet of company will naturally be an important factor in directors' decision with regard to dividend policy.

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At the Lookout

BUSINESS FEARS CONSEQUENCE OF PARLEY COLLAPSE

New Taxation Bound to Be Disturbing to the War Effort

OPPORTUNITY MISSED

But Premier King Says Government Has Not Closed the Door on Discussions at Some Future Time

WHATEVER justification there may be for the action of the premiers of Ontario, British Columbia and Alberta in walking out of the conference on Dominion-Provincial relations, there can be little doubt but that the country as a whole will regret that (wherever the responsibility may rest) the conference should not only have failed to adopt a program which would have made for greater national unity but that the meeting should have ended on a definite note of discord. So far as the business community is concerned, even more disturbing than the failure to accomplish something constructive in regards to taxation and other over-lapping legislation and to strengthen the finances of a number of the provinces, is the definite intimation by Minister of Finance Ilsley, on behalf of the government, that the failure of the provinces to co-operate will be followed by action to increase federal revenues even at the expense of the provinces. Mr. King's administration has indicated that it does not propose that Canada's war effort shall be hampered because of either political or personal conflict. But the prospect of the federal taxing authorities moving in on the provincial fields of taxation, without the co-operation of the provincial governments, is something which business can only look upon with considerable apprehension. Even more ominous from the standpoint of the war effort than the prospect of increased taxation is the prospect of friction which will impair efficiency and undermine production.

Further Invasion of Provincial Tax Field

After it had been decided that the conference could not go on, Mr. Ilsley declared that, if those who opposed the Sirois plan had no better alternative to offer, a further invasion of the provincial tax field would be necessary in the financing of wartime expenditures. He mentioned succession duties and the income tax and intimated that the Dominion would not continue to provide a share of unemployment relief. Further, he forecast the rationing of gasoline, which would cut into provincial revenues, and intimated that there would be a change in the attitude of the Dominion in regard to making advances to the provinces to meet maturing obligations; he did not say that assistance would not be given but he said that his government could not "undertake" to make advances.

War-Effort Expenditures Half National Income

A warning to the Canadian people that an all-out war effort would bring violent changes in our economy and our daily lives preceded Mr. Ilsley's serious references to the government's fiscal problems. The outlay in the war in the current year would be about $850,000,000, he said, the December expenditure of $81,000,000 being at an annual rate of a billion dollars. He added that the aggregate of federal-provincial and municipal expenditure for war purposes, together with $300,000,000 needed this year for repatriation of securities held in Britain, would represent half of the total annual income. And, said the Minister, referring to steps which the government may take to secure the necessary

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Ottawa Talks of New Leader For the Tories

Murdoch MacPherson Still Being Mentioned But No Change in Sight

Special Correspondence

Ottawa. — The question of the future leader of the great Conservative party came out into the open again this week with the visit to the east of Murdoch MacPherson, Regina lawyer. He has often been mentioned as the next leader of the Tories. His visit to Eastern Canada gave a filip to discussion. There are those who think he will be the No. 1 Man, and others who claim he has had two chances and lost them. These claims are not fair, but politics isn't always either. It is said now that a soldier, some strong Conservative at present in uniform, will be the next chieftain of the clan.

In defence of Murdoch MacPherson, it must be stressed that he was all but hamstrung at the Ottawa convention. Hon. R. B. Bennett would not say till the 11th hour that he was definitely, positively and absolutely through as leader, and until he finally signed off, MacPherson couldn't get into the fight. Meanwhile, Dr. Manion had been lobbying for it almost a year. But support was coming ahead, and if he had had another day, MacPherson would have captured the convention just as Willkie grabbed the Republican nomination last summer.

Then MacPherson had another chance, albeit a slim one. He had in the 1940 general election, to capture a Saskatchewan seat, and he chose a tough one. He contested Regina City against the sitting member, Donald McNiven. He was not able to capture it. Had he gone afield, like John Diefenbaker, who took three falls before coming up a winner in 1940, MacPherson might be at Ottawa now. But he didn't, and therefore isn't.

Hard-boiled realists intone the fact that to be a leader, the very first requisite is to be elected. This MacPherson has not done, his fortunes are now over the peak and on the downgrade, and the same real-

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PACKERS GETTING BACK U. K. MARKET

Benefit From British Ban on Japanese Salmon—Small Carryover Seen

Special Correspondence

Vancouver.— Because the British government has shunned Japan's 1940 pack of red salmon and given preference instead to British Columbia, anxious Japanese packers have been trying to unload $9,000,000 worth of the product in the United States market—and so far there have been no takers.

Vancouver packing interests expect that by the end of the season sales of canned salmon to the United Kingdom will be as great if not greater than last year, valued at around five or six million dollars. Apart from chum quarter pack, there has been a ready sale for B. C. salmon overseas despite war conditions, and there will probably be no material carryover.

Just what the Japanese will do with their unsaleable pack is probably as much a mystery to the Japanese as to their prospective competitors. While they offered to maintain prices according to prevailing standards and launch a national advertising campaign if permitted to dispose of their product in the American market, the whole scheme has been protested by American fishing interests.

Members of the Joint Committee for the Protection of Pacific Coast Fisheries have carried their complaint direct to Secretary of State Cordell Hull, claiming that the circumstances leading to the proposal all transcend the scope of an ordinary commercial transaction.

TEXTILE'S PLANTS STILL OPERATING AT NEAR CAPACITY

Demand Continues Heavy and Results for Current Fiscal Year Should Compare Favorably

GROSS RUNNING HIGHER

But Net Will Be Affected by Increased Taxes and Possibly by Higher Write-Offs for Year

Operating results of Dominion Textile Co. to date during current fiscal year compare favorably with the year before. The heavy demand for textiles from domestic plants, which set in when the war started, has continued with little let-up) At the moment, the company's plants are operating at close to capacity. The winter months normally see operations in the textile industry reach their peak of the year; but in the peacetime years preceding the war operations, even in January, seldom got up to around capacity.

Final results for the current fiscal year, due to numerous uncertainties, can only be guessed at, at this time. While so far this year gross revenues are up even over the excellent showing of the 1939-40 fiscal year, any easing in cotton prices might necessitate inventory adjustment which could make a big difference to amount of earnings that could be reported. A price decline of only a quarter of a cent a pound means a tremendous difference, where millions of pounds of cotton are being handled.

Also, as affecting net profits available for dividends, tax deductions this year will be much heavier. In the last fiscal year, when company reported earnings of $7.70 a common share, the new war taxes were applicable to company's earnings for only three months — the first quarter of the 1940 calendar year, which was final quarter of the fiscal year. For current fiscal period, the new high tax rates will be applicable for the full 12 months. In addition, it is quite possible, if not probable, that new tax measures contemplated at present parliamentary session will affect company's earnings showing, to greater or less degree.

Special Factors

Outlook, for the next 12 months, also is rendered somewhat uncertain by not only taxes but other possible government measures — the same situation facing most other industrial companies. In the case of the textile industry, special factors may affect future operations. It would appear that special textile demand, due to the war, may have passed its peak. During the past year, the heavy orders for uniforms, resulting in large sub-contracts as well as direct government contracts, have contributed to an important degree to company's sales. Bulk of such government orders already have been placed — although not by any means all filled yet—and in the future there is likely to be a gradual decline in stimulus to business from this source.

In addition, reports from trade circles indicate that the inventory shortage has been eased, and it is possible there may be some lessening of demand from trade quarters. As yet, the increased competition of English goods, due to lifting of Canddian tariffs, has not been serious, partly because shipping difficulties, shipping costs, and uncertainties of overseas shipments have limited amount of business placed overseas, but with any change from present conditions the English goods pressure might have more effect.

BRAZILIAN OUTLOOK BETTER

Recent strength in Brazilian Traction stock is attributed to buying, supposedly from the U. S., on the strength of prospects for closer relationship between the United States and Brazil.

A more tangible factor is seen in the improvement in trade conditions of the country which development has a direct bearing upon Brazilian Traction, not only in the increased consumption of power that heavier trade brings but the potential effect upon the milreis.

Hepburn's Revenge—Or the Wreck of the Conference

Special Correspondence

Ottawa.—Take a look at the official picture of the Sirois Conference, where Premier Hepburn has his back half turned towards Prime Minister King, and you have the whole story of why the show flopped. The vindictive Ontario premier, who had to be appeased or else, chose "or else" as his role. Note the photo, with the premier of Ontario sitting on Mackenzie King's right. With a surly look on his face, he is half turning away from Mr. King, as if to indicate that he may be in the picture, but he doesn't want to be. He seems in the mood of the little boy going to Sunday School with his sisters and mother, but lingering enough behind them so as not to be taken as part of that bunch of females. Hepburn is cold-shouldering King and the Sirois Report just that way.

Now that the Sirois Report has to be sidetracked "for the duration", with Hepburn, Pattullo and Aberhart finding themselves the strangest of political bedfellows, it might be interesting to look at this situation province by province, and see why and where the conference failed.

* * *

In the first place, if this thing was to be any good at all, Premier Hepburn had to be for it. There is no use laboring this point. Then assuming he had to be on King's side for the Sirois program to be put over, why was he against him? To get to the bottom of this vendetta, one must go back about a decade.

When Hepburn was in Ottawa, as Grit M.P. for Elgin, he told "the boys" that King had not been any help to him in his riding. He had not even come to Elgin to stump for him, nor had he done "the decent thing" with a post office or two. This neglect has rankled in Hepburn's mind for a long time. He evidently made up his mind, that if ever he got a chance to get back at King, he would. This week he did. Quite true, Mr. King in his opening speech took a take-it-or-leave it attitude, but everybody knows that deep down, he wanted to see this thing go through. It would have been a marvellous feather in his cap if it had.

The world is full of people who fail at some time in their life to take the measure of a man beneath them. Trotsky didn't get the perspective of Stalin, and ended up a long exile by being murdered with an ice pick. King failed to handle Hepburn successfully and this week was Hepburn's chance to prove that for the moment, he was a bigger man than King. For Hepburn could have put over the Sirois deal; King could not.

* * *

Once a man conceives a hate for somebody else, things usually get worse rather than better between the hated and the hater. This is no new moral discovery, but it has to be stressed to understand at all, the basis for the Toronto-Ottawa feud. No more can you change your mind about descending, in the midst of a toboggan slide than a man like Hepburn can suddenly decide to take a different attitude toward King.

There has hardly been a month go by in the past without some anti-King blast from Toronto. Cagey Mr. King has not been so forthright, but doubtless he would wither the ebullient Hepburn like a de-hydrated apple if he ever got the chance. (Incidentally, it is a long lane that doesn't give King a chance at a man sooner or later). This feud has been going on for years, and when the venue of the Dominion-provincial conference was announced, it was hardly likely that the cat-calls from Queen's Park would suddenly change to a Te Deum. It is also true that once you do not like a fellow, you can think of a thousand things he does you don't like. Perhaps to reverse it, to you nothing he does is right. Ditto Mr. Hepburn with Mr. King. It is also probably true that had King somehow disappeared from public life the last couple of months, and some other Grit become premier, Hepburn might easily have become Ottawa's right bower in this deal instead of the joker in the deck.

* * *

The arguments that Hepburn advanced may be sincere. But they are specious when the animosity of the man is taken into consideration, and therefore, one can skip lightly over Hepburn's disgruntled rhetoric. The fact is he didn't like King, he has waited for his chance to get him, and he has done it. But like so many others who think they have put it over King, this may be a boomerang Hepburn threw and not a "bean ball."

Well, with Hepburn feeling that way, the show was hopeless. Hon. T. D. Pattullo has been a rugged individualist out on the coast, and has felt pretty good about the way he brought the province of British Columbia back in the Grit column. But the chances are that he could have been wooed by compromise. In short, if he found only he and Aberhart of Alberta were holding out, he might have decided that when he and Aberhart were suddenly juxtaposed into a palsy-walsy role, it was time for him to change his way of life. There is little doubt that Pattullo sooner or later would have withdrawn most of his opposition. Indeed, British Columbia, with a population decidedly less than that of the city of Toronto, could not successfully held out at all.

Naturally Aberhart is bound to be a strong provincial rights' man.

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The Seaway and Power

By W. T. JACKMAN, M.A.,
Professor of Transportation University of Toronto, From an Address Delivered Before the Rotary Club of Brantford.

This development of a great waterway from the interior of the continent to the ocean, so as to "transform the lake ports into ocean ports" is something which catches the imagination. It is feasible from an engineering viewpoint, but it must be tested by economic results, and judged on this basis it might be an expensive luxury. The vital question is, Will it yield a revenue which is proportionate to the expenditure? The vision of ocean vessels coming into the centre of the continent and carrying on trade with the world is very impressionable, but before these ocean carriers could reach the important interior ports the entire route from Montreal to lake head would have to be provided with a navigable depth of at least 25 to 27 feet. What, then, would be the cost of this completed route? Engineering estimates vary. The report of Holgate and Jamieson, based on that of the Joint Board of Engineers, 1926, shows the combined cost of a 27-foot navigation and the full 5,103,100 horse-power of electric energy between Montreal and Lake Ontario, if developed at the same time, would be:

Cost of construction, not including interest	$658,487,000
Interest at 5%, over construction period of 10 years (i.e., 5% for 5 years) ...	164,621,750
Total	$823,108,750

To this would have to be added the expense of improving the channels and harbors above Lake Ontario, which would bring the engineers' estimate well over $1,000,000,000. But when the actual cost of governmental works is several times that of the engineers' estimates, we can see the enormous expenditure involved in this work.

By way of comparison, the estimate of Mr. Hugh L. Cooper for the completed work was $1,350,000,000., before being amplified by governmental extravagance; and even at this figure the cost would be $270 per horse-power, which is greatly in excess of the $80 to $100 per horse-power on the privately-developed St. Maurice river in Quebec. It is well to remember that in this case there is more than one authority concerned; and when the actual costs of similar public works under only one government exceeded the estimates by 2½ to 3 times, what could we expect when, in this case, four governments are concerned? We are dealing here with realities—stark, stern realities—not with mere figments of the imagination.

Concerning this vital issue as to cost, it is necessary to turn to an address given on April 11, 1940 by the Chairman of the Hydro-Electric Power Commission of Ontario before the Empire Club at Toronto. On that occasion he stated that under the 1932 proposals Ontario was to pay the Dominion government $37,000,000 as its share of the general development, and after that it would have to gradually pay $37,000,000 for the generating station in order to produce 1,100,000 horse-power, "all this without imposing burden of any kind upon Ontario taxpayers". This of itself is sufficiently strange; but when he stated that "the total estimated cost to the Federal Government

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DIFFICULTIES IN WAR PRODUCTION BEING OVERCOME

Steel Shortage Being Relieved and Machine Tool Problem is Less Accute

TO TRAIN LABOUR

Small Tool Situation Still Bad But Diversion to War Industries From Non-essentials Under Way

Encouraging progress is being made, according to leading industrialists, in efforts to tackle the major wartime problems of steel supply, machine tools and labor supply.

The steel shortage problem, it is learned, has been eased considerably as result of government measures recently taken, which include a reduction in the number of steel shapes to be handled, and other rulings aimed at reducing waste in the use of steel. The government has figured steel requirements this year might be 50% ahead of the country's productive capacity of about 2,100,000 tons; and with the U.S. steel industry swamped with orders, and in view of Canada's need to conserve U.S. exchange credits, in any event, the problem had loomed as a very serious one.

It now appears that peak of Canada's war production may not be reached for several months later than had been anticipated. Also there is a better prospect for getting any steel urgently needed from the United States. Also, upward climb in construction activity, which has been an important user of steel, appears likely to ease off—the government construction activity will decline steadily this year.

Canadian machine tool output, which increased 800% last year—to $10,821,949 from $1,518,419—will be increased further this year, as new facilities come into production. The government-owned Citadel Merchandising Co., which has bought $40,000,000 machine tools, almost all from outside the country, is likely to arrange for steady import of urgently needed tools this year.

Small Tool Situation Acute

The small tool situation is most acute, but steps have been taken to divert such tools to war industries, from non essential uses. The "freezing" of models, in machine and electric equipment field, and resultant shift of men and tools to war uses, has been an important factor in easing the tool situation.

To tackle the problem of labor supply, the government is planning to train youths at rate of 100,000 a year, instead of present rate of 40,000 annually. Provision also is being made to train young men, particularly advanced-training work, in industrial plants. Trainees at the government schools will be paid $7 to $12 a week, while trainees in the 600 industrial plants, where tutelage will be given, are to get 20 cents to 35 cents an hour.

The problem of labor supply is indicated by the fact that the government industrial employment index on Dec. 1 was at a new all-time high of 144.7 (1926 equals 100). And this year the armed services will require 117,200 additional men, while war contractors, it is estimated, will have to increase employment by 76,500, to 226,100 from 149,600 presently employed. Another 100,000 extra workers will also be required in industries ancillary to war plants, such as railways, mines, and service occupations.

New Government Contracts

Among new government contracts announced during the past week is award of an order for six cargo boats, to cost between $7,500,000 and $8,000,000 to Davie Sipbuilding & Repairing Co., Ltd., wholly-owned subsidiary of Canada Steamship Lines, Ltd. The Davie yard, which has been working at capacity since the war started, will begin work almost immediately on the cargo-boat order, due to the urgent British need, although company has on its books enough other business to keep it active for a long period ahead.

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INVESTMENT SECURITIES

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Expect Record Attendance at Canadian P. & P. Ass'n Meeting

Preliminary announcement in connection with the annual meeting of the Canadian Pulp and Paper Association, which will be held in Montreal, January 29th to 31st indicates that the association dinner, usually held at the close of the 3-day convention, will not be held this year on account of the war. There will be no official entertainment in connection with the meeting which will be conducted this year strictly as a business convention. A record attendance is expected.

Syllabus for the convention indicates that there will be three days' sessions of the Technical and Woodlands Sections, and on January 31st will be held the annual luncheon of the association followed by the annual meeting.

The technical section comprising mill managers, superintendents, chemists and engineers will be under the chairmanship of V. H. Emory, Fraser Companies Limited, Edmundston, and at its sessions on Wednesday and Thursday papers will be presented dealing with operating problems in the industry. In addition to papers by the members, special papers will be given by Dr. H. E. Fritz of the Goodrich Rubber Company on "Synthetics" and Dr. J. S. Bates, a former chairman of the Section, on "Canada's Future in Pulp."

Twelve Standard Committees

Friday, January 31st, will be devoted to group discussions under the twelve standard Committees when questions of operating difficulties and methods covering all phases of mill operations will be discussed.

At the business luncheon of the Technical Section on January 29th a new chairman and two new councillors to hold office for 1941 will be elected.

The Woodlands Section of the association, under the chairmanship of L. A. Nix, Bathurst Power & Paper Company, will also hold a three-day session. This section comprising foresters, woods managers and those engaged in woods operations will discuss problems of cutting technique, logging, skidding and other problems involved in bringing pulpwood from tthe forest to the mills.

At the Section luncheon on Wednesday the speaker will be E. W. Tinker, executive secretary of the American Paper and Pulp Association, New York, who will address the members on "The Impact of the War on the Pulp and Paper Industry in the United States."

A joint luncheon of the Technical and Woodlands Sections and of executives in the industry will be held on Thursday, January 30th, at which the speaker will be Westbrook Steele, executive head of the Institute of Paper Chemistry, Appleton, Wisconsin, which is an outstanding institution for research on pulp and paper problems.

To Present Medals

The annual luncheon of the association will be held on Friday, the 31st, at the Mount Royal Hotel. At this luncheon the president of the Association, F. G. Robinson, will present, on behalf of the executive committee, a report covering the activities of the association during the year.

At this luncheon also there will be a presentation of medals awarded for papers submitted by members of the Technical Section. The Weldon Medal, donated annually by A. L. Dawe, will be presented to E. G. Kirby of the Ontario Paper Company and the Howard Smith Medal, donated annually by Harold Crabtree, will be presented to A. C. Rogers, Fraser Companies Limited.

Immediately following the annual luncheon the annual meeting of the association will be held at which the financial statement and the annual reports of the chairmen of the various sections will be presented and the members given a review of the year's activities and progress in the various branches of the industry.

MARITIMES MAKES PITPROPS

Ottawa. — Great quantities of pitprops are being made in the Maritime Provinces to meet the needs of the British mining industry.

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Dividend Declarations

	Yearly Rate $	Div. Declared $	Date Payable	Record Date	Paid 1940 $	Paid 1939 $
Agnew Surpass	.80	.40 S	Mar. 1	Feb. 15	.40	.80
Do., Preferred	7.00	1.75 q	Apr. 1	Mar. 15	1.75	7.00
Alaska Juneau	.50	.12½ q	Feb. 1	Jan. 7	.12½	.60
Anglo-Can. Teleph.	2.75	.68¾ q	Feb. 1	Jan. 15	.68¾	2.75
Ault and Wiborg, Preferred	5.50	1.37½ q	Feb. 1	Jan. 15	1.37½	5.50
Bank of Toronto	10.00	2.50 q	Mar. 1	Feb. 15	2.50	10.00
Beatty 1st Preferred	6.00	1.50 q	Feb. 1	Jan. 15	1.50	6.00
Canadian Bank of Commerce	8.00	2.00	Feb. 1	Dec. 31	2.00	8.00
Canadian Bronze Co.	1.50	.37½ q	Feb. 1	Jan. 20	.37½	1.50
Do., Extra	....	.50	Feb. 1	Jan. 20	.50	.50
Do., Preferred	5.00	1.25 q	Feb. 1	Jan. 20	1.25	5.00
Canadian Converters	....	.50 Int.	Jan. 31	Jan. 10	.50	1.00
Can. and Foreign Securities	....	.06 Int.	Feb. 1	Jan. 16	.06	.06
Canadian Investment Fund	....	.04 q	Feb. 1	Jan. 15	.04	.16½
Canada Northern Power	1.00	.25 q	Jan. 25	Dec. 31	.25	1.08
Canadian Oil Comp.	.50	.12½ q	Feb. 15	Feb. 1	.12½	.50
Do., Extra	....	.12½	Feb. 15	Feb. 1	.12½	.50
Canadian Pacific Railway, Pref.	....	2% Int.	Feb. 1	Jan. 1	2%	2%
Coast Breweries	.12	.03 q	Feb. 1	Jan. 15	.03	.12
Coniagas Mines	.25	.12½ S	Feb. 1	Jan. 20	.12½	.25
Distillers Seagrams, Preferred	5.00x	1.25 q	Feb. 1	Jan. 17	1.25	5.00
Dominion Bank	10.00	2.50 q	Feb. 1	Jan. 20	2.50	10.00
Dome Mines	2.00	.50 q	Jan. 20	Dec. 31	.50	2.00
Dominion Oilcloth	1.20	.30 q	Jan. 31	Jan. 15	.30	1.20
Do., Extra	....	.10	Jan. 31	Jan. 15	.10	.40
Dominion Tar Preferred	5.50	1.37½ q	Feb. 1	Jan. 16	1.37½	5.50
Eastern Steel Products	....	1.00 Int.	Feb. 1	Jan. 15	1.00	1.00
Federated Pete.	....	.01 Int.	Feb. 20	Feb. 8	.01	.01¾
Foundation Co.	1.00	.25 q	Jan. 18	Dec. 31	.25	.50
Frontier Royalty	....	.01 Int.	Jan. 31	Jan. 20	.01	.05
Hiram Walker	4.00	1.00 q	Mar. 15	Feb. 14	1.00	4.00
Do., Preferred	1.00	.25 q	Mar. 15	Feb. 14	.25	1.00
Hollinger Consolidated	.65	.05 M	Jan. 28	Jan. 14	.05	1.10
Humberstone Shoe	1.00	.25 q	Feb. 1	Jan. 15	.25	1.00
Hydro-Electric Securities "B"	.50	.25 S	Feb. 1	Jan. 15	.25	.50
Imperial Bank	10.00	2.50 q	Feb. 1	Dec. 31	2.50	10.00
Intern. Metal Ind., Preferred	...	1.50 Arr.	Feb. 1	Jan. 15	1.50	18.00
International Nickel, Preferred	7.00	1.75 q	Feb. 1	Jan. 2	1.75	7.00
Kootenay Belle	.08	.02 q	Jan. 22	Jan. 15	.02	.12
McIntyre Porcupine	2.22	.55½ q	Mar. 1	Feb. 1	1.67	3.33½
Montreal Light and Power	1.50	.38 q	Jan. 31	Dec. 31	.38	1.50
Naybob Gold	....	.01 q	Apr. 15	Apr. 1	.02	...
Northern Ontario Power	...	.15 Int.	—January—		.12	1.56
Penmans	3.00	.75 q	Feb. 15	Feb. 5	.75	3.00
Do., Preferred	6.00	1.50 q	Feb. 1	Jan. 21	1.50	6.00
Power Corporation	....	.15 Int.	Feb. 1	Dec. 31	.15	.30
Prairie Royalty	....	.01 Int.	Jan. 3	Jan. 20	.01	.03
Quebec Power	1.00	.25 q	Feb. 25	Jan. 25	.25	1.00
Rolland Paper	.60	.15 q	Feb. 15	Feb. 5	.15	.75
Do., Preferred	6.00	1.50 q	Mar. 1	Feb. 15	1.50	6.00
Royal Bank	8.00	2.00	Mar. 1	Jan. 31	2.00	8.00
Saguenay Power, Preferred	5.50	1.37½ q	Feb. 1	Jan. 24	1.37½	5.50
Shawinigan Water & Power	.90	.23 q	Feb. 25	Jan. 26	.23	.90
Silbak Premier	.16	.03 q	Jan. 25	Jan. 3	.04	.16
Southern Canada Power	.80	.20 q	Feb. 15	Jan. 31	.20	.80
Standard Chemical	2.00	.50 q	Jan. 31	Dec. 31	.50	1.25
Steel Co. of Canada	1.75	.43¾ q	Feb. 1	Jan. 7	.43¾	1.75
Do Equalizing Div.	....	2.00	Feb. 1	Jan. 7	2.00	2.00
Do., Preferred	1.75	.43¾ q	Feb. 1	Jan. 7	.43¾	1.7*
St. Lawrence Corp. "A" Pref.	....	.25 Arr.	Jan. 25	Jan. 2	.25	1.50
St. Lawrence Flour	1.00	.25 q	Feb. 1	Jan. 20	.25	1.50
Do., Preferred	7.00	1.25 q	Feb. 1	Jan. 20	1.75	7.00
Toburn Gold	.12	.03 q	Feb. 22	Jan. 22	.03	.08
Do., Extra	....	.02	Feb. 22	Jan. 22	.02	.12
United Corporation "A"	1.50	.38 q	Feb. 15	Jan. 31	.38	1.50
Geo. Weston, Preferred	5.00	1.25 q	Feb. 1	Jan. 15	1.25	5.00
Do., Special	....	.111	Jan. 20	Dec. 2	.111	.111
Zellers Limited, Preferred	1.50	.37½ q	Feb. 1	Jan. 15	.37½	1.50

A—Annually. S—Semi annually. x—American Funds. Arr.—Arrears.
q—Quarterly. Int.—Interim. *—After considering stock split.
k—Jamaica Public Service includes .50 paid before 3 for 1 split.

CAPITAL CHANGE BEING SOUGHT BY B. C. TELEPHONE

Doubling of Authorized Capital Stock to Maintain Sound Balance in Securities

RECENT GROWTH WIDE

Special Correspondence

Vancouver. — Officials of the B.C. Telephone Company state that the proposed doubling of the corporation's capital stock is merely to bring the financial structure into conformity with the physical expansion which the company has undergone in recent years.

When the present company was incorporated in 1916 and the capital placed at $10,000,000 its operations were only about 25% of what they are today. Large capital expenditures have had to be made on the company's properties to maintain facilities adequate for the needs of the fast growing population of the Lower Mainland and Vancouver Island.

The situation has been intensified by the rapid increase in communication requirements in connection with war activity in British Columbia.

In recent years the company has done most of its new financing through bond issues, but the point has been reached where a sound and satisfactory balance between bonds and other obligations requires adjustment of the capital stock by the issue of additional shares. Otherwise the proportion of bonds to stock might get "out of line".

Board Has Full Control

It is emphasized that the Board of Transport Commissioners has full control over the company's operations, and that an increase in share capital will be made only with the board's authority.

Permission is also sought to increase the board of directors, in line with the general expansion of the company's activities and in furtherance of a policy to make the company's directorate as representative as possible.

The company's application for the right to transmit wireless telephone messages, sound pictures, radio telephone, and so on, is merely to clarify a technical point and to give formal authority for what the company has already been doing on an increasing scale. Such activities were not specified in the 1916 charter of incorporation because at that time the processes had not even been invented.

CONDITIONS ACTIVE SO. CANADA'S FIELD

Most Industries in Territory of Power Company Operating at Full Capacity

Most of the industries throughout the territory served by the Southern Canada Power Co., Ltd., have been operating at full capacity, several of them on war requirements, according to an official statement accompanying current dividend cheques. The restrictions on U.S. imports may result in the establishment of more U.S. firms in Canada. At Drummondville, a new industrial school, the Drummond Engineering Works, was established. J. A. Gosselin Ltée has built an extension to its machine shop. The Canadian Celanese Ltd. has added 150 people to its payroll. At East Angus, the Brompton Pulp & Paper Co. is working full time. At Waterloo, Mack Molding Ltd. has built an extension of 70' x 70'.

At Valcourt, the Bombardier Snowmobile Co. is putting the finishing touches to a new three-storey building. At Cowansville, the Vilas Furniture Co. Ltd. has built an extension to its plant. At Granby, the Esmond Mills Ltd. has added a dye plant to its other activities. A new industry, the Dominion Brush Co., has been established and is making a full line of brushes.

At Farnham, the Ideal Lingerie Co. has added 30 new employees to its payroll. At Bedford, Shawinigan Chemicals Ltd. is working overtime. At Richmond, the National Hosiery Mills has taken on a substantial number of new employees. At Melbourne, S. C. Ewing & Sons is working overtime. At Waterville, the Johnson Woollen Mills Ltd. is working 24 hours a day. At St. Johns, a new industry, the Central Pottery Co., has commenced operations. The Richard Chemical Works built a large warehouse as has also the Canadian Potteries Ltd.

At Rock Island, Butterfield & Co. as well as the J. B. Goodhue Co., Ltd. are very busy and both firms have extended their working hours.

Longer Working Hours at Winnipeg Shops of C.P.R.

Winnipeg. — Bringing a marked improvement in the ever-growing retail trade of Winnipeg, increased hours of work have gone into effect far Canadian Pacific Railway shop men here. Men at the Weston have gone on a 44 hour week for the first time since 1929. Repair men in the running trades changed to a 48 hour week.

The increase was necessitated, it was stated, by the regular seasonal speed-up in repair and construction work at the shops, plus the extra work caused by steadily increasing business for the railway. Some of the repair work formerly done in Eastern Canada has been allotted to the local shops.

Seven hundred workers in the women's garment industry in Winnipeg will receive a five per cent wage increase February 1 as the result of negotiations between a committee of the International Ladies' Garment Workers Union and the employers. The increase was requested because of the rising cost of living. Two other increases have been granted in the last year and a half.

Building Record For Moncton

Saint John. — An all time high building record was established at Moncton, N.B., Maritime railway centre, in 1940 when permits were issued to a value exceeding $1,000,000. This represents an increase of $561,551.62 over last year's total. Of the total, Government buildings, valued at $786,416, form the major portion.

B.C. PULP, PAPER OPERATIONS SET NEW HIGH MARK

Production for 1940 Expected to Be 20% Above Previous Record

STEP UP PULP OUTPUT

Vancouver. — British Columbia's pulp and paper industry rolled up impressive production records in 1940, according to the incomplete records so far available. It is expected that value and volume of the output will be about 20 per cent higher than the record of the previous year when all the figures are in.

According to company estimates, Powell River Company produced about 200,000 tons of newsprint last year, and Pacific Mills, Ltd., about 70,000 tons. This represents a revenue of $13,500,000 on the basis of $50 per ton, which was the basic price for the period.

A true calculation of pulp manufactures is more difficult to make as only one company in the province manufactures pulp exclusively, and figures for the other companies sometimes overlap those representing production of newsprint. However, B.C. Pulp & Paper Company, which manufactures bleached sulphite and rayon pulp exclusively at its mills in Port Alice and Woodfibre, estimates production of about 100,000 tons. Pulp prices have been more variable than those for newsprint and it is almost impossible to fix an average valuation on the year's production.

Powell River Company has gone more extensively into the production of unbleached sulphite pulp — a departure from the policy pursued up till a couple of years ago, when newsprint alone was Powell River's product. It is expected that Powell River Company will continue to expand its pulp manufacture in view of the prevailing demand and the curtailment of unbleached pulp production in the B.C. Pulp & Paper Company's mills.

Considering newsprint output alone, British Columbia last year exceeded the ten-year average in value of pulp and paper manufacture —$13,000,000. The all-time high was in 1937, when B.C. mills produced pulp and paper to the value of $17,200,000. The year 1938 saw a falling off to $11,200,000 and 1939 began to show the effects of the wartime demand with a production value of $16,900,000.

In 1939 the B.C. newsprint companies were producing at a lower rate than in 1940 — Pacific Mills' newsprint production was about 20 per cent less, and B.C. Pulp & Paper's Company's pulp mills were shut down for several months of 1939. Last year, as today, most of the pulp and paper mills in the province were operating close to capacity, with Powell River now on a 685 ton daily basis and Pacific Mills at about 220 tons. It would not be surprising to see new records established for both pulp and paper for 1940, and if present markets continue there is little doubt that this year's showing will eclipse that of 1940, for this winter Vancouver Kraft Corporation at Port Mellon, Howe Sound, has swung into production with 80 tons of kraft daily.

New Mining Customers for Canada Northern Power Co.

An official statement issued with current dividend cheques by Canada Northern Power Corp. states that on Oct. 21 a contract for the supply of power to Brock Gold Mines, adjoining the property of Upper Canada Mines, Ltd., in the eastern Kirkland Lake area, was signed. This required the construction of a short transmission line, which was completed on Nov. 18, when power was turned on. In the Noranda-Rouyn area, the mill at the property of Powell-Rouyn Gold Mines was placed in operation in October, considerably increasing that property's power demand. In the same district excellent progress is being made on the construction of a mill at the property of Senator-Rouyn, Limited, and it is expected that this mill will be in operation in April.

At Kirkland Lake sub-station additional frequency changer capacity has been provided by the installation of two units of 2500 and 1250 kva respectively, thereby providing for the increased demands for 60-cycle power at that point.

The franchise providing for domestic and commercial service to the residents of the Town of Val d'Or in Northern Quebec has been renewed for a term of 5 years.

COURT APPROVES AMENDED SCHEME FOR M. & O. PAPER

No provision Under New Capital Set-up for Equity-Holders of Company

NEW BOARD APPOINTED

Minneapolis. — Confirmation of the trustees' amended plan of reorganization of the Minnesota & Ontario Paper Co. was granted on Jan. 10 by Judge Gunnar H. Nordbye, U.S. District Court for the District of Minnesota, Fourth Division. The Court order directs the consummation of the plan on Feb. 28, 1941, on which date the properties of the old company will be vested in the new company and the securities of the new company will be made available for distribution to the secured and unsecured creditors as outlined in the plan of reorganization.

The court appointed the following board of directors of the new company, to hold office for two years: George A. Dobbie, Galt; J. B. Faegre, Minneapolis; Shirley Ford, Minneapolis; Charles S. Garland, Baltimore; Frank M. Gordon, Chicago; C. T. Jaffray, Minneapolis; R. H. M. Robinson, Minneapolis; Serge Semenenko, Boston; Robert S. Waldie, Toronto. Distribution to the creditors and security holders of the old company will be as follows:

The holder of each $1,000 bond principal and all interest coupons will receive in exchange $500 principal of new 5% income bonds, 40 shares of new common and a small cash payment to equalize the interest dates of the series "A" and "C" bonds of $7.50 and $5, respectively.

Holders of unsecured gold notes will receive for each $1,000 principal and interest coupons 30 shares of new common and $7.50 in cash.

Other general creditors will receive for each $100 in principal amount of unsecured indebtedness, 3 shares of new common stock. For odd amounts of principal of unsecured debt less than $100 and for odd amounts in excess of multiples of $100 of principal of unsecured debt, the holder will receive 25c for each dollar of such odd amounts.

Since the old company is insolvent, the preferred and common stockholders have no equity in the assets and, therefore, no provision is made for the issuance of any securities of the new company of any character, or the payment of any cash, to such stockholders. The new company, to be known as the Minnesota and Ontario Paper Company, is organized under the laws of the State of Minnesota and will have its general business offices in Minneapolis, as heretofore.

LOWER EARNINGS MONT. TELEGRAPH

Reports $2.23 a Share on Stock for 1940 as Against $2.76 Year Previous

Reports of Montreal Telegraph Co. for year ended December 31, 1940, presented at the annual meeting during the past week shows net income of $111,674, after administration expenses and provision of $47,003 income tax, equal to $2.23 a share ($40 par) on 50,000 shares of capital stock. This compares with net income of $137,076 after $24,000 income tax or $2.76 a share for previous year.

Balance sheet shows cash of $30,607, compared with $20,582 at December 31, 1939.

H. E. Rawlings, president, points out in the report that the Quebec provincial government has entered an appeal against judgment of November 26 last, when suit for taxes was dismissed with costs against the province, when action-in-warranty taken by Montreal Telegraph Co. against Great North Western Telegraph Co. was also dismissed with costs against Montreal Telegraph Co. To protect the company's interests, it has been necessary to enter an appeal against the latter judgment, he added.

Provincial government claim for tax on profits is still under discussion with departmental representatives, Mr. Rawlings said.

Reports were adopted and directors re-elected.

Oil Interests of Canada Launch a Spitfire Fund

Toronto Bureau The Financial Times

Toronto. — A Dominion-wide fund, launched with the object of purchasing a Spitfire fighter plane for the British government, and appealing for support to everyone associated in any capacity with the Canadian oil industry, was announced this week. Objective of the fund is $25,000, and is sponsored by associated companies of Clifton C. Cross & Co. Approved by the Minister for Air, the new Spitfire fund is officially launched in advertising appearing in publications all across the country, intend to afford the Canadian oil industry, from producer to individual investor, as well as the general public, an opprtunity of showing tangible appreciation of England's stand in the cause of democracy.

All subscriptions will be handled by the Prudential Trust Co., Ltd., a Dominion-wide organization which has offered its services as trustee without remuneration. Subscriptions may be forwarded to Prudential Trust or any of the associated companies of Clifton C. Cross throughout Canada, and every dollar received will be forwarded to the British government. All costs incidental to the campaign are to be borne by the sponsoring companies.

Another Deadlock Regarding Wages of Nova Scotia Miners

Special Correspondence

Halifax. When negotiations were opened in the matter of the proposed new wage schedule between the United Mine Workers and the Dominion Coal Company, wage increases from 12½ to 25 per cent were submitted. This, it is stated, included a 25 per cent increase in wages for datal men and a 12½ per cent increase for contract and tonnage workers and a six hour working day with vacations with pay.

New discussions re wages were provided for in the finding of the McTague conciliation board which had investigated a wage dispute last year, before the end of January of 1941. The present wage contract was signed late last year and was based on the findings of the conciliation board. These findings included wage increases from 4½ cents to 18 cents a day for lower paid datal workers and cancellation of back debts owed by the men to the company for coal and rent. About 12,000 miners are employed by the company.

D. W. Morrison, president of District 26 United Mine Workers of America, announces that the negotiations for a new contract have reached a deadlock and that all matters under consideration will be referred to the Federal Conciliation Board which had enquired into the matter last year before the present wage contract was signed. Mr. Justice C. P. McTague, of the Ontario Supreme Court, heads the Board of Conciliation.

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Treasury Deficit Lower Due to Drop in Ordinary Expenditures

The monthly report from the Treasury for December 1940 again shows wide changes, both in the Receipts and in the Expenditure section over December 1939. Receipts have increased almost 22 million dollars, about the same amount that denoted the increase in the November comparison. Ordinary expenditures were a little lower while total expenditures were almost doubled, from 56 million dollars to 110 million dollars.

The all-over deficit which in November amounted to about 53 million dollars has been reduced to 44 million dollars, for the nine months period from April 1 to December 31, the deficit amounts to about 223 million dollars, compared to 15 million dollars during the same part of the previous fiscal year. Receipts during this period of nine months amounted to 572 million dollars, against 398 million dollars in 1939, while expenditures were 795 million dollars against 411 million dollars in the same period a year before.

The gain in December receipts has been due to a number of instances. Customs import duty collections were $1,561,670 higher, Excise duty collections were up $1,985,689 while sales and other stamp receipts were $11,247,596 higher. There was a gain of $5,271,158 in Income tax receipts while the exceptionally large Christmas mail rush is reflected in an increase of $1,004,027 in Post Office receipts. There were a few other minor increases, which brought the gain of December receipts over those of a year ago to $21,651,859.

Among ordinary expenditures the changes were all of a minor nature, the cumulative effect being a reduction of total ordinary expenditures by $1,329,460. Some individual accounts showed slight increases; i.e., it cost $14,500 more to collect the "National Revenue", while the Post Office spent $151,479 more than in December 1939.

Total ordinary expenditures at $22,727,594 were only little more than half than the amount for the preceding month, when $40,778,390 were spent. This reduction is due of course to the drop in interest on public debt, which in November amounted to $25,291,764, while it was only $6,799,973 in December.

Capital expenditures on Transport account were reduced by $566,956. Among special expenditures relief grants were cut $9,258,833. Special war appropriations on the other hand were increased by $65,496,583. Total war appropriations at over 86 million dollars in December were almost four times total ordinary expenditures in the same period.

Incidentally, total war appropriations since April 1, 1940 amounted to $477,371,678, November appropriations having been $72,344,501, against $81,665,268 in October and $66,676,326 in September.

Government owned enterprises cost $272,169 less than in December 1939. The increase in grand total expenditures over December 1939 amounted to $53,687,565. There was a surplus of $43,005,756 if total receipts and ordinary expenditures alone are considered.

The loan and investment account has been considerably boosted during the past month. The total in this instance increased from $15,640,351 to $50,062,865. Although there were a number of reductions, such as one of $8,780,049 under C.N.R. Financing Act and one of $1,530,093 in Provincial Relief accounts among others, a temporary loan of $46,220,660 to C.N.R. offset these reductions to the extent shown above.

	Dec. 1940 (unrevised)	Dec. 1939
RECEIPTS—		
Customs Import Duty	$11,172,535	$ 9,610,865
Excise Duty	7,804,550	5,818,861
Excise Taxes, Sales, Stamps, etc.	27,763,897	16,516,301
Income Tax	8,529,388	3,258,230
Post Office Department	6,187,382	5,183,345
Sundry Departments	4,232,156	3,692,413
Total Ordinary Revenue	$65,689,910	$44,089,019
Special Receipts	43,439	1,472
Total	$65,733,350	$44,081,491
DISBURSEMENTS—		
Ordinary Expenditure—		
Agriculture	$ 645,070	$ 974,986
Auditor General's Office	39,125	36,517
Chief Electoral Officer, including Elections	9,521	26,021
Civil Service Commission	29,659	33,790
External Affairs	294,485	69,734
Finance—		
Interest on Public Debt	6,799,973	6,811,439
Other Public Debt Charges	367,073	3,847
Subsidies & Grants to Provinces	....	375,000
Old Age Pensions	140	....
Office of the Comptroller of the Treasury	155,268	174,027
Superannuation, Retirement Benefits and Sundry Pensions	40,310	48,516
General Expenditure (Finance Dept.)	47,295	38,493
Miscellaneous Grants and Contributions	....	....
Miscellaneous Offices and Commissions	67,196	126,549
Fisheries	118,342	150,133
Governor General and Lieutenant-Governors	27,274	29,097
Insurance	13,177	14,511
Justice	230,384	235,091
Penitentiaries	199,939	226,131
Labour	89,982	91,851
Legislation—		
Houses of Parliament and Library	288,259	64,691
Mines and Resources	631,188	801,349
Movements of Coal	244,799	376,077
National Defence (See Special War)	....	....
National Research Council	76,191	102,017
National Revenue	1,010,802	986,242
Pensions and National Health	4,757,791	4,830,215
Post Office	3,360,158	3,208,679
Privy Council	4,598	5,681
Public Archives	10,306	12,539
Public Printing and Stationery	12,800	39,245
Public Works	1,120,817	1,302,669
Royal Canadian Mounted Police	518,720	792,535
Secretary of State	66,131	69,224
Soldier Settlement of Canada	54,340	51,581
Trade and Commerce	573,613	609,747
Transport	820,914	1,138,895
Maritime Freight Rates Act	1,937	208,935
Total Ordinary Expenditure	$22,727,594	$24,057,060
Capital Expenditures	$ 263,090	$ 830,046
Total Special Expenditure	86,552,187	39,358,451
Total Government Enterprise	552,419	824,588
Grand Total Expenditure	110,268,750	56,581,185
Total Loans & Investments	50,062,865	15,640,351

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OPPORTUNITY FOR PRIVATE CAPITAL IN DEFENCE PLAN

I.B.A. President Argues That Government Financing Should Be Limited

NEW PROSPERITY ERA

Chicago. — "A better job of national defense will inevitably result from a higher standard of living, which is likely to be a by-product of defense spending," according to Emmett F. Connely of Detroit, president of the Investment Bankers Association of America. "This, as I understand his message to Congress, is the aim of President Roosevelt," he said. "Talk as we will about pulling in the belt and cutting out non-essentials, we very quickly collide with the fact that preparation for war will inevitably involve an upsurge of the national lfe, an enlargement of needs,a shaking off of the torpor in which we have lain as in a trance for ten years.

"Workers who have been unemployed or who have been on short rations for a long time, who have accumulated debts, and deficiencies in clothing, housing, medical care, education, cannot be expected to cut their consumption still further," he added. "They are going to live better, at least until the tax collector and the cost of living catch up with them." And one of the surest ways to raise the cost of living, he declared, "is to put ten billion dollars into the hands of our people without at the same time making provision, as far as defense requirements permit, for the goods which they will demand in exchange for their ten billion dollars." Mr. Connely was speaking before the Executives' Club of Chicago.

Better for Business

The satisfaction of the expanding demand for consumption goods, Mr. Connely included in what he termed the "vital area of national defense" which is beyond the scope of governmental operations and which business must take over. "The government has taken care of its end of the program," he said. "It is going to spend $20 billion or more for defense equipment, and it is going to make capital advances to industries which hold direct contracts and which cannot otherwise finance themselves..

"That is as far as it should go and those who believe in preserving free enterprise in this country would have criticised the government sharply if it had proposed to go any further in financing general industry.

"The question which confronts the American business man now is whether he is going to expect the government to go further in supplying capital. The issue is simply one of private versus governmental financing. The question is whether, when the present emergency is over, corporation securities are going to be held predominantly by the American private investor or by agencies of the United States government.

"Thus far the path toward government financing has been made smooth and easy. A company having a defense contract finds it relatively simple and cheap to get financed in Washington.

After the Emergency?

"Before this trend develops much further, it would be well if business men asked themselves what is going to happen to these new government-financed plants when the emergency ends. There will be people who will insist that the government make use of them.

"Under any one of several sets of conditions which may exist a few years hence, there will be a powerful incentive to convert those plants, regardless of cost, and put them to turning out goods. Suppose, for instance, there is a business recession and a large amount of unemployment. What sounds more reasonable than that the government put people to work adapting and operating these facilities as government institutions?

"Or suppose there is an inflation, with high prices, high cost of living, and a scarcity of goods. With a lot of productive capacity available, the alluring possibility will present itself of stabilizing the price level by increasing the supply of goods. That would be a totally new social experiment which business would certainly view with misgivings and discouragement.

"A somewhat different, but still a disturbing, situation would exist where plants are not recaptured by the government under option, but where the government or the R.F.C. merely holds the corporation's securities," Mr. Connely said. "If a slump occurs the corporation would be under the influence or dominance of the creditor."

Too Much Government

A fundamental and immediate danger in the situation, Mr. Connely said, is that business enterprises, feeling the increasing need of capital, may themselves bring pressure to bear for an extension of the government's financing facilities beyond their present limits.

"The example will be set, the need will be urgent, and it will look like the most natural thing in the world to ask Washington for funds, to agitate for an extension of credit facilities previously reserved for a special class of borrowers," he said.

"Whatever is done, the initiative rests largely with the business men and industrialists of the United States. If they throw their influence in the direction of direct government financing, they will find plenty of allies to help them among those with a socialistic bent of mind."

Mr. Connely said he hoped that a finance section will be added to the National Defense Advisory Commission in line with repeated requests for it by the Investment Bankers Association. He described the function of such a section as "surveying the requirements, anticipating needs, and facilitating the movement of capital." Just as other divisions of the commission act as "agencies through which industry under private management is being lined up in government service," a finance section would bring "private savings to bear upon the nation's requirements for defense production," he said.

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The Bond Market

Interest Diverted From the Market by Ottawa Conference — Quebec to Enter Market Shortly—Western Provincials Sell Off—Lower Trend for Corporation Group

Toronto Bureau The Financial Times

Toronto — While all classes of Canadians were by no means united in agreement with the far-reaching recommendations of the Sirois Report, few will argue that it deserved the fate which it received because of the attitude of a group of small-calibre provincial politicians at Ottawa this week. Although argument on the pros and cons of the situation are now of purely academic interest, it is to be hoped that the entire issue will be reopened at the conclusion of the war, following a general election at which the people of the Dominion can directly express their views on the subject. Delay for the duration of the war in implementing its proposals may not be disastrous, but it seems urgent that something be done to clarify the provincial debt situation, at least, before the post-par depression settles in.

With all attention directed towards the Ottawa conference, the week offered little of importance in the financing or bond markets. Sale of $40,000,000 in Dominion 92-day treasury bills was completed at a cost basis of .631%, close to the low for the wartime period, while a $1,500,000 issue of Silverwood Dairies 4½% bonds of various maturities up to 15 years was offered at 101 to yield 4.40%. The announcement that the Province of Quebec was entering the financing market is expected shortly, as two maturities have to be taken care of in the near future, and discussions have been proceeding for some days.

In the bond market the Dominion long-term issues were again fractionally stronger, while some weakness was evidenced in the short-term group. Gains include ¼ of a point for the 4½'s of 1956, and ⅛ of a point each for the 4½'s of 1957 and the Second War Loan 3's of 1952. Losses were shown by such issues as the 5's of 1943, down ½ a point, the 5's of 1941, down .20, and the 4's of 1945, down ⅛ of a point.

* * *

In the provincial list, Alberta bonds were substantially lower, with the failure of the Sirois conference, the 4½'s of 1956, losing 5 points and the 6's of 1947 losing 4 points. Other western issues moved off, the Saskatchewan 5's of 1958 losing 2½ points and the Manitoba 4½'s of 1956 losing 1½ points. Ontario and Quebec issues showed gains of up to 1 point, while maritime issues were also fractionally higher.

The trend was generally on the downside in the corporation bond list, particularly in the industrial section, where losses ranged up to 2 points for Consolidated Paper 5½'s of 1961, and 1¾ points for Abitibi 5's of 1953. Price Bros. 5's of 1957 moved off 1 point over the week while Great Lakes 5's of 1955 and Canadian International Paper 6's of 1949 each lost ½ a point.

In the utility section losses included ¾'s of a point for International Hydro 6's of 1944, and ½ a point for Canada Northern Power 5's of 1953. Gains of ¼ of a point were shown by Bell Telephone 5's of 1957 and Gatineau 3¾'s of 1969.

Deposit Funds for Payment On Bawlf Grain Preferred

Winnipeg. — Announcement was made this week that N. Bawlf Grain Company Limited had deposited $1,000,000 with the Royal Trust Company, Winnipeg, for distribution to preference shareholders of the company.

This amount represents the proceeds of the sale of the company's properties to the Alberta Pacific Grain Company Limited.

Bawlf preference stockholders will receive $50 in cash for each $100 par value preference share held. No distribution will be made to holders of common shares.

On Board of Trade Executive

Figures well known in the financial community will be prominent this year among the high executives of the Montreal Board of Trade supporting the new president C. D. Harrington. They include:

Vice-President: Ernest Augustus Macnutt, vice-president and treasurer, Sun Life Assurance Company.

Second Vice-President: T. B. Weatherbee, manager Canadian Bank of Commerce, St. James street, Montreal.

Treasurer: J. A. Eccles, director Bell Telephone, director Royal Trust, director Shawinigan Water & Power, and other companies.

POWER'S OUTPUT OF ELECTRICITY AT NEW RECORD

Higher by 136½ Million k.w.h. in 1940 Than in Previous Year at 1,350 Million k.w.h.

BIG DECEMBER GAIN

Electricity consumption in the Montreal area in 1940 rose to new high record levels, due chiefly to wartime industrial activity, according to John S. Norris, president of Montreal Light, Heat & Power Consolidated.

Electricity output (exclusive of secondary power) of the Montreal power company in 1940 totalled 1,349,543,365 kilowatt-hours,, as compared with total for 1939 of 1,213,026,880 kilowatt-hours, an increase of 136,516,485 kilowatt-hours, or 11.25%. December production at 131,387,110 kilowatt-hours showed an increase over corresponding 1939 month of 11,020,350 kilowatt-hours, or 9.16%.

The December comparison was particularly noteworthy, Mr. Norris points out but, in view of the measures taken to conserve power reserves this year, such as continuance of daylight saving time, and in view of the fact that industrial activity at the end of 1939 was at a relatively high level, in comparison with earlier months of that year before the war started.

Gas production by Montreal Light, Heat and Power Consolidated in 1940 also increased. Output for the year totalled 4,994,458,000 cu. ft. ,an increase over 1939 or 124,695,000 cu. ft., or 2.56%. December production of gas, at 420,037,000 cu. ft., represented a gain of 1,903,000 cu. ft., or 0.46%, over December 1939.

This increase in company's sales in 1940, however, will not be reflected in net earnings showing, the statement adds, because the higher taxes levied upon the company, chiefly by the federal government to help pay costs of the war, together with advances in costs of some raw materials, have more than offset the improvement in the company's gross revenues. In fact, says Mr. Norris, the forthcoming annual financial statement will show net profits down siilghtly.

Moderate Profit Decline For Central Canada Loan

Toronto. — Central Canada Loan & Savings Co. reports net earnings of $203,944, or $8.16 per share, for year 1940, as against $213,439, or $8.54 per share, in 1939. Provision for taxes is $16,500 as compared with $5,000 in the preceding year.

The company's portfolio of stocks and bonds, carried under present market value, is practically unchanged at $1,566,569, and demand loans increased from $58,628 to $79,092. Mortgages and agreements for sale were up from $77,431 to $96,673 and real estate held for sale was reduced from $48,754 to $23,948.

Appointed Director

GORDON HAROLD AIKINS, D.S.O., B.A., K.C.,

who has been appointed Director of the Canada Permanent Mortgage Corporation to fill the vacancy on the Board created by the recent death of Mr. G. W. Allan, K.C. Col. Aikins is senior member of the legal firm of Aikins, Loftus, Aikins & MacAulay, Winnipeg, Manitoba; President of Manitoba Sugar Beet Company, Director of Imperial Bank of Canada, of The Great-West Life Assurance Company and a number of other companies.

NATIONAL TRUST EARNINGS LOWER

Toronto Bureau The Financial Times

Toronto — Although profits of National Trust Co. in the year 1940 were substantially above those of 1939 before taxes, an increase of almost 100% in this charge reduced net earnings to $247,274, as compared with $271,454 after all charges in 1939. Earnings before taxes in the latest year were $425,095, as compared with $365,142 in 1939, and after deducting regular dividends totalling $240,000, and tax reserve of $177,821, as against $93,688 a year ago, the profit and loss account was increased to $485,404 from $478,131 at the previous year-end.

Total assets under administration at December 31, 1940 amount to $303,002,786, being a slight reduction from the 305,636,978 under administration a year ago. Savings deposits are down from $22,016,729 to $20,466,548, reflecting the investments by depositors in Dominion government war loan and war savings certificates. Liquidity is slightly higher at 74.21%, as compared with 73.38% at the end of 1939.

Active Bond Changes

Dom. of Canada		Jan. 15	Jan. 8	Change
Dom. of Can.	5-41	102.90	103.10	— .20
	5-43	108.00	108.50	— .50
	4-45	105.25	105.375	— .125
	3¼-48-52	101.25	101.25	unch.
	4½-56	107.75	107.50	+ .25
	4½-57	108.25	108.125	+ .125
	4½-48	109.00	109.00	unch.
	4½-59	103.75	103.75	unch.
	3-52	98.625	98.50	+ .125
Prov. Govts.				
Quebec 4¼-58		101.50	101.00	+ .50
Ontario 5-60		121.00	120.00	+1.00
Do., 4½-50		109.75	109.75	unch.
Alberta 4½-56		59.00	64.00	— 5.00
Do., 6-47		69.00	73.00	— 4.00
N. Brunswick 5-50		104.50	104.00	+ .50
Saskatchewan 5-58		83.00	85.50	— 2.50
Manitoba 4½-56		92.00	93.50	— 1.50
Rails & Steamships				
Can. S.S. Lines 5-57		97.00	97.25	— .25
C.N.R. 3-44		103.00	103.00	unch.
Do., 4½-51		115.25	115.00	+ .25
Do., 4½-56		115.50	115.25	+ .25
Do., 5-54		117.75	117.25	+ .50
C.P.R. 6-42		103.00	103.50	— .50
Utilities				
Bell Telephone 5-57		110.75	110.50	+ .25
Calgary Pow. 5-60		106.50	106.50	unch.
Car. Nor. Pow. 5-53		103.50	104.00	— .50
Gatineau 3¾-69		98.00	97.75	+ .25
Inter. Hydro 6-44		65.75	66.50	— .75
MacL. Quebec 4-59		98.00	97.75	+ .25
Shawinigan 4½-70		107.00	107.00	unch.
Industrials				
Abitibi 5-53		67.75	69.50	— 1.75
Brown 5½-46		49.00	49.00	unch.
Canada Cement 5-61		103.50	103.50	unch.
Can. Inter. Paper 6-49		101.50	102.00	— .50
Consol. Paper 5½-61		66.50	68.50	— 2.00
Dom. Stl. & Cl. 6½-55		107.50	108.00	— .50
Howard Smith 4½-51		103.50	103.50	unch.
Minn. & Ontario 6-50		54.25	54.00	+ .25
Price Bros. 5-57		96.00	97.00	— 1.00
Great Lk. Paper 5-55		92.50	93.00	— .50

Abitibi Receiver Thinks Proration Not Applicable to Publisher Mills

Toronto. — Support of the argument of publisher-owned mills in Canada that, as their production does not come on to the competitive market, they should not be subject to proration regulations was given by G. T. Clarkson, official receiver for the Abitibi Power and Paper Co. Ltd. in the course of his evidence before the McTague Royal Commission, hearings of which were completed last week.

Answering questions put by the chairman of the commission on the subject of proration, Mr. Clarkson outlined his views with regard to publisher-owned mills as follows:

"The so-called publisher-owned capacity amounts to about 10% of the capacity of the industry, about 400,000 tons, and in dealing with proration that capacity has been excluded. In other words, you take Spruce Falls up there, 50% of their capacity is publisher-owned. They are rated at half their capacity, but the unrated part is excluded and shipments from that part to the New York Times are excluded too. That condition has continued, but recently some issue has been raised in Quebec as to whether it is equitable that those mills with the publisher-owned capacity shall continue to be excluded.

"In my opinion it is proper to exclude it, and I think I am about the only one in the industry who has that view. Nearly all the other companies are of the opinion that the publisher-owned capacity should be made subject to proration just the same as any commercial mill. I have not been able to see it that way; I have felt that if the Tribune people came over here, and put a mill in for the purpose of supplying their own requirements only, and did not go out in the commercial field at all, they should not be made subject to proration so long as they do not sell commercially.

"I do feel, however, that if after proration came into force — any publisher-owned capacity is installed it should then become subject to proration; in other words, they went in with their eyes open. Excepting people who have an interest in it, I think I am perhaps the only one who holds those views. The others all feel that it should be made subject to proration."

TROUBLE BREWS ABOUT THE FIXING OF FARM PRICES

London Dairymen's Conference Gives Indication of What Lies Ahead

GARDINER ON SPOT

Special Correspondence

Ottawa — There is every indication that there is going to be trouble with the farmers before long, and the butt of these attacks is likely to be Hon. James Gardiner, doughty, scrappy Minister of Agriculture. The heckling he got at London, Ontario, and the derisive interruptions the delegates gave his henchmen, is the tip-off.

At London, there was of course a dead-set made against him by the Hepburn crowd, who rounded up all the available farmer members, and they came loaded. Gardiner himself polished off the hecklers pretty well, but chaps like J. F. Singleton, Dairy Commissioner, who rarely are subject to more noise than the gurgling of the water cooler or the chirp of stenographers, did not stand up against it very well. When Singleton and others started giving figures down to two decimal places, the farmers howled. Once during a pause for a word, some one yelled: "Decimal six." That did it. From then on, the crowd yelled "Decimal Six" every opportunity.

The trouble of course is the farmer's complaint that while other prices are going up in this war, farm produce is not. If it does, then the government pegs it. Wheedled out of the Minister was the concession that if there was to be a maximum butter peg, there is to be a minimum one too. And there was too a promise to increase the price of cheese while maintaining bacon prices.

But the trouble is general, and it is hard to put one's finger on the precise points where trouble is coming from. The fact is that there is a glut of farm products, and the farmers do not want to abide by the established rules of supply and demand. Mr. Gardiner is too astute a man not to know that, but to know what to do is another thing. If you push up the market value of foodstuffs, there may be rises out of all proportion to the increase in the average pay envelope. So that solution is a dangerous one. Mr. Gardiner himself believes, or has been quoted as believing, that the farmers will come into their own later in the war. He recalls that it was 1916, in the last war, before the farmers' prices got really good. He bids them have patience, but in the meantime, you can't buy things with patience.

Harrison Co. Heads Syndicate On Federal Foundries Bonds

Toronto.—Offering is being made by a syndicate headed by Harrison & Co. of an issue of $500,000 of Federal Foundries & Steel Co. Ltd. 5½ per cent first mortgage bonds at 98 and interest to yield over 5.75 per cent. East $1,000 bond carries an allotment of 400 shares of common stock, no par value. Bonds are redeemable at any time on 30 days notice at 103 and accrued interest.

Purpose of this issue is to complete purchase of plant and equipment of London Rolling Mill Co., at London, Ont., and the plant and equipment of Sandwich Foundry Co. Ltd at Windsor, Ont., to provide funds for repairs and additions at estimated cost of $90,000 and to provide company with approximately $137,000 of working capital.

Pro forma balance sheet as of January 3, 1941, after giving effect to new financing, places plant and equipment at depreciated replacement value of $665,000. Cash would be $236,720 before rehabilitation and additions as above.

E. A. Wilson, president, in statement to underwriters estimates earnings for first full year of operation of not less than three times bond interest requirements after depreciation and federal taxes.

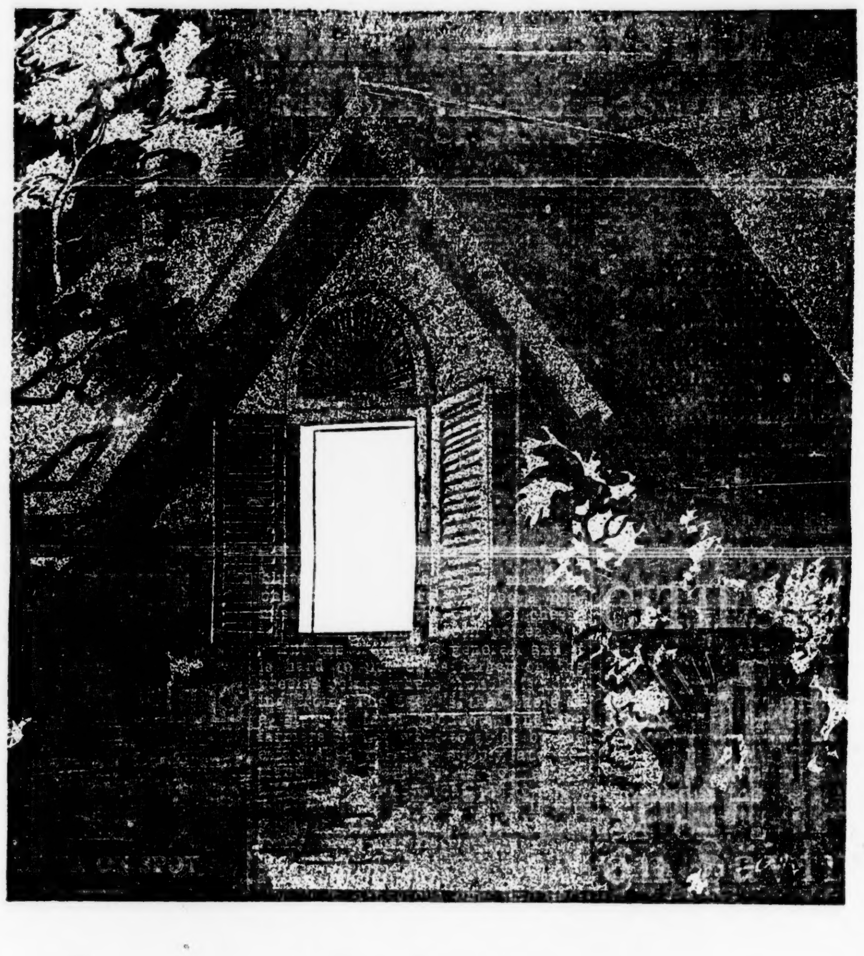
CITIES RISE

on Savings

Savings of thrifty people like you and your neighbor built the city in which you live . . . its homes, its factories, its great buildings. Since 1855, the Canada Permanent has been helping people to save, and has been providing the funds which make construction possible. Firm faith in Canada, coupled with sound judgment, still governs the policy of the Canada Permanent. It is ready to serve YOU.

CANADA PERMANENT
Mortgage Corporation
Head Office, 320 Bay St., Toronto
ASSETS EXCEED $69,000,000

THE STORY OF THE TELEPHONE



In an attic bedroom . . .

● On a July night in 1874, in a room under the eaves of an old house near Brantford, Ont., a young man sat at a table cluttered with crude, home-made apparatus. Into a shell-like receiver, roughly resembling a human ear, he alternately sang and shouted, concentrating always on vowel sounds—"E, Ah, A,". This went on hour after hour, night after night, until the young man succeeded in producing, on a piece of smoked glass, tracings caused by vibrations of the human voice! The young man's name was Alexander Graham Bell. Years later, he declared: "At that moment the telephone was born." Today, Bell's dream of continent-wide telephone communication is realized through the coast-to-coast circuits of the Trans-Canada Telephone System.

This is the first in a series of advertisements dealing with the development of Long Distance Telephone Service in Canada . . . and culminating in the opening of the Trans-Canada Telephone System in 1932.

TRANS-CANADA TELEPHONE SYSTEM

THE BELL TELEPHONE COMPANY OF CANADA

Record of Current Canadian Financing

Dominion Short-Term Financing

Date	Type	Amount	Maturity	Price Received	Cost Basis	Purchased by
Jan. 15	92-day Treasury Bills	$40,000,000	April 18-41	99.84119	.631%	Various.

Municipal Financing

Date	Municipality	Amount	Interest Rate	Maturity	Price Received	Cost Basis	Purchased by
Jan. 6	Township of Gloucester, Ont.	$ 7,246	3%	1942-46	100.67	....	Bank of Toronto.
		7,223	4%	1942-52			
		17,739	3½%	1942-60			

Corporation Financing

Date	Company	Amount	Interest Rate	Maturity	Offering Price	Yield	Offered by
Jan. 8	Silverwood Dairies, Ltd	$1,500,000	4½%	Jan. 2, 42-47 and 1956	101.00	4.40	Harrison & Co.

Seventy-Second Annual Meeting of Shareholders of

The Royal Bank of Canada

Morris W. Wilson, President and Managing Director, Calls for Drastic Economies by Public and Governments to Permit Full Measure of War Effort. War Savings Campaign Most Important Feature Federal Financing. Compulsory Saving Plan Logical Alternative Should Voluntary Investment in War Savings Certificates Prove Inadequate

National Income Increasing at Much Greater Rate Than Aggregate of All Taxes

Sydney G. Dobson, General Manager, Reports Expanding Commercial Loans. Bank's Profits Less With Heavily Increased Taxes. Unprecedented Business Activity But Peak Not Yet Reached

Royal Bank Fully Equipped to Meet Demands of Expanding Business and Canada's War Effort

The Seventy-second Annual General Meeting of the Shareholders was held at the Head Office in Montreal on Thursday, January 9th, at 11 A.M., Mr. Morris W. Wilson in the Chair.

PRESIDENT'S ADDRESS

Mr. Wilson, President and Managing Director, in moving the adoption of the Directors' report said:

I am sure you will receive with satisfaction the Seventy-First Annual Report and Balance Sheet just presented to you and discussed by the General Manager. It discloses a position of outstanding strength and indicates clearly the continued ability of the bank to play its legitimate part in financing the increased demands which will undoubtedly be made upon us.

We meet again under the shadow of war, and what I have to say to you today will deal mainly with certain aspects of war economy and finance. It is not necessary to discuss business trends extensively. Never was it possible to state with greater assurance that the tempo of business must increase steadily until we reach a condition of maximum production, thereby bringing into employment not only all who would be considered employable, but others who ordinarily would not be working for wages or salaries. Dislocations are bound to occur as a result of concentration of effort on production for war purposes, but these should have no substantial effect on our total economy. Under these circumstances, the approach to our problems should be an essentially different one from that which was reasonable under conditions of business depression and unemployment.

As I had occasion to point out a year ago, the transition of Canada from peace-time to war-time economy was made without financial disturbance or strain. The experience of the past year lends further emphasis to the efficiency of our financial organization and the ability with which those charged with controlling our financial policy have carried out their duties.

CANADA SOUND

Contracts for war supplies, including British supplies financed with Canadian funds, plus appropriations for new plant construction for war purposes, have already reached a figure in excess of the total amount expended by Canada for war purposes in the period 1914-18. Of the vast sum indicated, amounting to more than one billion dollars, a large proportion remains to be disbursed. It is a remarkable commentary on the soundness of our financial position that this great activity has been financed during the past year without any increase but, on the contrary, with a moderate reduction of the Canadian liabilities of the chartered banks. During this period the Canadian Government has called and redeemed Government or Government-guaranteed securities held in Great Britain to the value of about $250 million, the proceeds being used to finance British purchases in Canada.

While Canadian debt to Great Britain has been reduced to this extent, it is probable that Canadian assets in other countries, principally the United States, have not been realized upon to an equal extent. Exact information on this point is not available, but if our assumption be true, it means that on balance Canada has financed her share of the war to date without recourse to her investments abroad.

But if the problem of financing our war effort has so far been easily handled, this should not imbue us with complacency. We have been catching up on unemployment and preparing for maximum production, but in the year before us the financial problem will be more difficult. In periods of depression, expansive monetary policies can be made effective only with the greatest difficulty and over long periods, but credit expansion is almost inevitable in boom periods, and particularly in a war boom, when the colossal requirements of military forces must be supplied with the minimum of delay and regardless of cost. In these circumstances, the situation calls for drastic retrenchment under all other headings, so that the maximum effort may be devoted to war purposes. I feel apologetic for laying such emphasis on what is obvious, but I fear that it is a precept which, if understood, is nevertheless not being fully carried out in Canada at the present time. There is little evidence of restriction of even extravagant expenditures on the part of the public as a whole, except insofar as this line of action has been made necessary by the incidence of taxation. Unless the public are prepared to save a very large proportion of the increased wages and salaries which are being distributed, there are three alternatives before us:

(1) The Government must further drastically increase taxation, or
(2) A system of forced savings must be adopted, or
(3) The well-known inflationary spiral will steadily gain headway.

TAXATION

It is, I am afraid, the usual custom and sometimes the stern duty of bankers to condemn increases in taxation. In peace-time, when Governments take the easy course of increasing taxes to provide for extravagant expenditures, such a policy certainly calls for condemnation. But the present situation is quite different. I am not sure that Federal, Provincial and Municipal authorities have eliminated from their budgets **all** unnecessary expenditures and postponed all capital outlays that can possibly be deferred, as they should do in war-time. I am inclined to think they have not, but even if this were done, there would still remain an enormous gap after payment of essential war costs. We shall make a great mistake if we do not make the maximum effort to close this gap by taxation, and I am of opinion that a considerably larger proportion of our costs should be met by taxation than has been indicated by any plans so far disclosed. It seems quite clear that at the present tempo of business, our national income is increasing at a much greater rate than the aggregate of all taxes. Provincial and Municipal authorities have had their most pressing problem namely, that of unemployment, solved by the increased industrial activity. If this is not wholly true in some areas, it will be within a comparatively short time. Hereafter any district that reports employables receiving relief will be open to suspicion of malfeasance in administration. On the other hand, due to the present business activity, rapidly approaching a war-time boom, Provincial and Municipal Governments find their revenues increasingly buoyant. I trust this situation will result in definite tax **reductions** by them in order to cushion the effects of greatly increased Federal taxation.

The Dominion Government has enacted legislation drastically increasing corporation and income taxes. In the latter case no criticism seems justified. In my opinion corporation taxes are not designed at present to produce either the maximum returns or to spread the incidence of taxation fairly over industry as a whole. I hasten to add, however, that no perfect scheme of taxing profits or income has ever been devised.

CORPORATION TAXES

As a class, those corporations which operate within the national economy (in this group I include banks and other financial institutions, public utilities, manufacturing industries supplying domestic needs, etc.) have all along been earning reasonable profits. Gross earnings have now been stimulated by war activities and already many corporations are showing a tendency to increase wages abnormally and to pay bonuses, a course which seems to me to be unjustifiable. It is true, of course, that increased living costs—so far, fortunately, not great—might appear to warrant this action, but it is essential that war sacrifices should be spread to all classes of the community except the relatively small section which has in recent years been living at a subnormal standard. There are, however, a considerable number of industries (notably pulp and paper) which have had no appreciable profits for years. Many of these enterprises have recently enjoyed marked prosperity, and to such the full force of the Excess Profits Tax applies. It is surely unjust that those industries which, in spite of skilful management, have for years yielded no returns on invested capital, and in many instances failed to earn even bond interest, should now be penalized as compared with other industries which have steadily been earning and paying reasonable dividends but which will, nevertheless, not be liable for corporation taxes in excess of the minimum.

I am aware that legislation provides that in cases where the present schedules operate unjustly the companies may pay their taxes and apply for a review of the situation, and that an able commission has been appointed to act in this regard. Excess Profits Taxes can, in my judgment, be fairly applied only after allowing for reasonable earnings on invested capital. Such allowance is made in Great Britain, where the Excess Profits Tax is 100 per cent. as compared with 75 per cent. in Canada. No doubt the Board of Review will apply this principle, but I am of opinion that the business community is entitled to have the situation more clearly defined by legislation. I advocate nothing that would tend to reduce total Federal corporation taxes, but I am afraid that the Excess Profits Tax is going to bear unfairly on companies that during the period of the depression have been far from prosperous, as compared with those that have all along given a reasonable return to shareholders. As the Presidency of this bank is my prime business interest, and as the bank certainly does not come within the former category, I shall no doubt escape the charge of special pleading.

Before leaving the question of war taxes, I should like to say that I think the personal income tax has been raised to the full extent that is economically desirable, and that the first reduction in Provincial and Municipal taxes should be by way of eliminating entirely income taxes wherever collected by Provincial or Municipal authorities. I am also of opnion that the tax base can well be broadened by further consumption taxes on many articles in ordinary use, but not of absolutely primary importance.

SAVINGS AND GOVERNMENT LOANS

No matter what drastic schemes of taxation are proposed, it is clear that the Government can only finance its requirements with the aid of substantial borrowing, but such borrowings must be supplied from savings if inflation is to be avoided. This is quite feasible if we are sufficiently in earnest about it, but the danger is that the necessity will not be fully understood, and that individuals, rating their possible contribution as of minor importance, will be inclined to leave the responsibility to others. For this reason, I have noted with great interest the efforts now being made to expand sales of War Savings Certificates. In my opinion, this is by far the most important feature of Government finance. This is not because of the sums involved. The great bulk of our war financing must as usual be by way of bond issues. These will tap the savings of the individuals in the larger income groups, as they are accumulated in banks, insurance companies and other financial institutions, and of industrial corporations through depreciation reserves and surplus earnings. But I feel that it has not been sufficiently emphasized nor understood that savings by individuals in the lower income brackets are essential for another reason of the greatest national importance. Once definite shortages of labour, materials or capital equipment appear, personal savings become imperative. At that stage, only by curtailment in the production of consumers' goods can the production of war materials be increased. But surprising as it may appear, those in the lower income brackets are responsible for a great deal more than half the total purchases of consumers' goods. As far as I am aware, there are in Canada no reliable statistics available on this point, but Mr. J. M. Keynes in his recent pamphlet, "How to Pay for the war", quotes statistics from various sources indicating that those receiving incomes below £250 per annum consume 64 per cent. of the total consumers' goods sold in Great Britain. If in Canada we should substitute an annual income of $2,000 as the rough equivalent of an income of £250 in Great Britain, it would probably not be far wrong to say that two-thirds of our demand for consumers' goods will come from those within this limit. It will at once be apparent that there is no use saying that the working man, now that he has full employment at good wages, should be given a "break". Full use of increased purchasing power would mean that instead of the demand for ordinary goods being reduced, it would be greatly increased, and to that extent would stultify our war effort. But war demands are inexorable, and if those who use the bulk of non-military production will not reduce their demands, the only way the situation can be adjusted is by a rise in the price level proceeding faster than increases in wages.

Mr. Keynes has pointed out that, with effective full employment, whatever the public as a whole save from their income during this period will be net savings; in other words, if buyers persist in bidding for goods which are not available, they will not succeed in increasing the supply but only in running up the prices. They will obtain the same amount of goods and services but at a higher cost. Income saved and safely invested is deferred purchasing power, but the amazing thing is that under the circumstances mentioned, which correspond very closely to our present situation, this deferred purchasing power can be acquired without sacrifice of present satisfactions. This seems to me to be a compelling argument for a compulsory saving plan if the people as a whole do not respond to the present appeal of the War Savings Committee; otherwise those who are too weak or too selfish to face the issue will have wasted a part of the benefits which would have accrued to the thrifty as well as to themselves.

The surplus income of the higher income groups automatically finds its way into the financial stream, and becomes available to the Government in the form of greatly increased taxes or in subscriptions to War Loans, either directly or through our financial institutions, no new investments being available except those of a strictly essential character.

War Savings Certificates give a higher proportionate yield than War Loan Bonds, and have better safeguards as to availability of capital in the event that it becomes necessary to realize. The small investor is thus offered a prime investment, coupled with a real opportunity to serve the national interest and at the same time to protect himself against future contingencies. If these circumstances were fully and properly explained, the response should be all that could be desired. Employers who do not exert their influence to have all their employees adopt a definite plan of saving will not only have failed in their duty to the nation but in their duty to their employees as well.

An illusion is held by a large proportion of the public, and I am afraid also by many of those connected with the War Savings Certificate Campaign, that all that matters is to sell the maximum amount of such securities, even though payment should come from existing savings. Naturally the investment of existing funds should not be discouraged, but it is fresh saving that is essential; or, to repeat what I have said already, the important thing is to reduce the demand for ordinary goods, thereby increasing our ability to produce war goods.

WAGES

Fortunately, Canada has been largely free from labour disputes since the beginning of the war, and it is essential that neither strikes nor lockouts should be allowed to interfere with production. Until recently no very definite wage policies had been announced. I have been favourably impressed by the recent Order-in-Council providing for the adoption of a standard wage scale supplemented by bonuses as required to meet any rise in the cost of living, such bonuses to apply, however, evenly on a per capita basis and not as a percentage of existing wage rates. This plan was first adopted some time ago in a western coal district, the workers agreeing not to demand reimbursement of such part of the increased cost of living as is represented by new consumption taxes. This is a fine example of the spirit in which labour should approach its war responsibility. Workers can be expected to maintain this attitude if the necessity is made clear to them, and also if they are convinced that equal sacrifices are being made by salaried employees, executives and capital. War-time taxes already imposed would seem sufficient to ensure this, but the Government must be continually vigilant to see that all forms of profiteering are sternly repressed, and that unwarranted salaries and bonuses are not paid. The recent announcement that any such abnormal payments will be taxed is an indication that steps are being taken to meet this situation.

SIROIS REPORT

A conference of provincial premiers is being convened this month in Ottawa to consider implementing the Sirois Report. It is not a subject on which unanimity of opinion can be expected, but the main principles laid down can, I think, be said to commend themselves to most dispassionate and objective observers. I have previously expressed the opinion that income taxes should fall exclusively within the jurisdiction of the Dominion Government. I think also any unprejudiced observer would contend that the very large receipts from succession duties arising from large estates, mainly centred in Ontario and Quebec, should be used for the benefit of the country as a whole. The Maritime Provinces and the West have contributed their share of business brains to Canadian industry and finance, but for obvious reasons, are not likely to retain many of their financially ambitious citizens, although continuing to contribute to their wealth.

If it is logical that these sources of revenue should be surrendered by the Provinces, it would seem that a quid pro quo has been put forward in the Sirois Report. It is first suggested that a complete readjustment of Government finances should be effected by the assumption of Provincial debts by the Federal Government, with a suggestion for a co-operative plan between Dominion and Provincial authorities to keep our financial house in order in future. The Federal Government would also be expected to assume full responsibility for unemployment relief. Unemployment on a large scale was unknown in Canada prior to the recent depression. But no one can be found bold enough to predict that we shall not have a recurrence of this phenomenon when, in the present war economy, "the wheel is come full circle". Our inexperience was accepted as a reason for, if not completely excusing, our mishandling of the problem last time. It will not be again. That the problem is properly a national one can hardly be denied.

There are, of course, two sides to every question. Many doubts will arise as to the ability of the Dominion Government—I am speaking in the abstract and not of our present administration—to rise to such enhanced responsibilities. Fears may reasonably be held of the dangers of the development of a huge bureaucracy through too great concentration of power in a single authority. This argument is bound to be emphasized by those opposed to a change and will carry considerable weight since only time can demonstrate whether it is valid, but it is to be hoped that the forthcoming discussions can be kept above the level of personal ambitions and sectional interests. If, in the exaltation of common sacrifice, a better plan of Government cannot be found, I greatly fear that it will not be found when peace returns.

GENERAL MANAGER'S ADDRESS

Mr. S. G. Dobson, General Manager, referred to the financial statement as follows:—

The figures revealed in the Balance Sheet to-day are those at the close of 71 years of operation, and after 15 months of war. During the first half of the past year the results of the war had little effect upon our operations other than the restrictions imposed by the Foreign Exchange Control Board, but during the second half of the year and particularly in the last few months, the greatly increased tempo of this country's war effort has created business activity such as has never been experienced, and, as a result, banking turnover has naturally been much greater.

Notwithstanding the increased business activity, the assets of Canadian banks have declined as compared with a year ago. Wars have always in the past been accompanied by expansion of bank assets and generally by inflationary trends. The experience of the past year may therefore, I think, be regarded as a healthy development, reflecting credit on those responsible for our war finance and monetary policies.

The following are the principal changes in the Balance Sheet presented to-day: Total Assets are $955,570,326, a reduction of $59,138,017 as compared with $1,014,708,343 a year ago, when they reached an all time high. Cash on hand and Balances Due by Banks total $177,419,710, Dominion and Provincial Bonds $311,833,108. Adding to these two items, Other Securities, Cheques on Banks, and Call Loans, we have Total Liquid Assets of $584,954,407, or 66.57% of Total Liabilities to the Public. This liquid ratio is slightly less than a year ago because of the increased demand for commercial loans, a result we naturally welcome.

Since 1930 there has been a gradual increase, year by year, in our holdings of Dominion Government Securities, and this is the first occasion in that period that the trend has been reversed, the decrease during the past year being $2,566,047. We have continued our policy of maintaining our holding of such securities in short date issues and of our total portfolio $158,856,858, or 67.30%, matures within two years.

COMMERCIAL LOANS UP

Commercial Loans in Canada continue to expand, and during the year increased a further $16,823,905 to $229,451,217. This total compares with $175,872,378 at the low point in 1936. Loans outside of Canada decreased $9,998,509. Loans to Provinces and Municipalities are less by $2,592,281. Call Loans are down $7,512,965, at $17,638,182.

On the liability side, Deposits by the public in Canada increased during the year $20,154,726, and now stand at $609,203,083. On the other hand, Foreign Deposits dropped $47,945,501, caused largely by the taking over of the foreign balances of our Canadian customers by the Foreign Exchange Control Board. Total Deposits are $840,134,689, a decrease of $41,122,048.

In reviewing the Balance Sheet a year ago I referred to the fact that balances due Dominion and British Governments in Canada amounting to $53,000,000, were included in our figures. This total has this year been reduced to $20,462,766, the amount due the Dominion Government.

Profits, I regret to say, were $197,948 less than a year ago. This was not unexpected considering an increase of $619,083 in taxes. After providing for total taxes of $1,823,950 to the Dominion and Provincial Governments, Profits were $3,526,894. Added to $3,096,252 brought forward, we have available for distribution $6,623,146. Dividends paid amounted to $2,800,000. $325,000 was contributed to the Pension Fund Society, and $300,000 was written off Bank Premises, leaving $3,198,146 to be carried to Profit and Loss Account, an increase of $101,894.

We have continued the policy of restricting expenditures on Bank Premises to extensions and renovations, no new buildings having been constructed during the year. The regular sinking fund appropriations of $500,000 have been made by our property holding companies and their indebtedness reduced accordingly. This sum, added to the $300,000 reserved for Bank Premises Account, makes a total appropriation of $800,000 against Real Estate Holdings last year.

Conditions in the French West Indies having become adversely affected by the war, it became evident that the future of our branches on those Islands was not promising. It was therefore decided to withdraw, and our offices at Fort de France, Basse Terre, and Pointe à Pitre were closed early in the year. The business was of such a nature that quick liquidation was possible. Depositors were paid off, loans collected in full, and such premises as we owned, sold for cash.

For obvious reasons we have not had any contact with our subsidiary in Paris since June, and on account of the uncertainties of the outlook we have considered it advisable to write off our total investment in that company and have eliminated the figures of assets and liabilities from our Balance Sheet. The Paris business shrank to unimportant figures during the war, especially following the closing of our French West Indian branches. Loans, according to our last information, were almost negligible and deposits reduced to a fraction of former totals. Fortunately all the British members of the Paris staff escaped to England.

Our Barcelona office is nominally open, but it has been on a liquidation basis since the outbreak of the revolution in Spain. Operating expenses have been reduced to a minimum, and it is our intention to withdraw from that point in the near future.

SOUTH AMERICAN TRADE

I am pleased to be able to report that our branches in South America have had a satisfactory year. The same is true for the most part of our branches in the West Indies. General conditions in Cuba have been unfavourably affected by the prevailing low price of sugar, some mills making little more than operating expenses. In most of the other important islands business has been maintained at a high level, and in some instances a very marked improvement has been shown. The South American Republics are feeling the loss of the European market, but a great effort is being made to increase their trade with each other and with North America. It is interesting to note that our Government is endeavouring to expand our commerce with these countries and recently a mission headed by the Honourable Mr. MacKinnon, Minister of Trade and Commerce, was appointed to visit South America and the West Indies for the purpose of studying trade possibilities. The mission has been delayed temporarily due to the illness of Mr. MacKinnon, but we hope will be resumed early in the year. It has also been reported that there will be an exchange of Diplomatic representatives between Canada and certain South American countries.

These steps towards a closer understanding should go a long way towards building up a permanent exchange of business. Our branches in the Southern countries are located at strategic points and should be most helpful in developing such trade.

As I have already said, business in Canada has reached the highest point of all time, because of the tremendous impetus it has received as a result of Government contracts connected with our war effort, but it has not yet reached its peak. Additional projects are being undertaken or in contemplation, which will have a further stimulating effect upon our economy, so that we may look forward to increased banking activity during 1941. Your bank is fully equipped to take care of all additional demands which may be made upon it to finance or otherwise handle this increased activity and thus contribute its share to Canada's war effort.

Our first object is to win this war. The might of the Empire in men, material, and weapons is gathering increased momentum; our morale is high. Our duty on Canada's home front may seem very simple, even tame, compared with the experiences of our kinsfolk in Britain, but it is vitally important. Our posts call for work, confidence, and self-denial. With these qualities, and a settled determination to back our country's war effort by every means in our power as the opportunity opens up to us, there can be no doubt of our ability to win.

HITLER'S "WORLD OFFER"

A Corrupt and Corrupting Tyranny.

In his concluding remarks Mr. Wilson said:

"Last year at this time in discussing the war I said "the very existence of the Empire is at stake. Should it perish moral values will be lost far more important than any material consideration that can possibly be involved." There has been a terrible confirmation of this view during the past year. Daily we hear of German frightfulness in bombing the civilian population of Great Britain and sinking ships at sea without regard for the international rules of warfare. I fear that at times we are inclined to accept, if not excuse, this action as an inevitable part of total warfare, and to forget the other evidences of barbarism unexampled since the days of Genghis Khan,—the bloody tyranny within Germany itself, the steady extermination of the defenceless Poles, the senseless slaughter of 30,000 civilians in Rotterdam, the invasions of Norway, Denmark, Holland and Belgium following solemn undertakings to respect their neutrality, and the wanton destruction of historic buildings and churches sacred not only to the whole English-speaking world but associated with the finest traditions of all humanity. These are things which we must not forget if we are to retain a proper appreciation of what we are fighting against. The new world order proposed by Hitler is one in which truth and honour have no meaning, law has no force, human dignity no place; a corrupt and corrupting tyranny, the qualifications for leadership of which embrace the basest traits of man. We are fighting against a return to the Dark Ages more cruel and oppressive because of the greater refinements possible in a scientific age. We must keep these things in mind, if any of us should ever pause to count the cost before throwing all we have into the defence of our way of life. In the immortal words of Kipling:

"Who stands if Freedom Falls?
Who dies if England lives?"

TRIBUTE TO STAFF

Enlisted Men Get Leave of Absence; Jobs Assured.

In extending the thanks of the Directors and Executive to the Staff, Mr. Dobson said:

"A word about the staff: Four hundred and forty-six members of our staff have enlisted for military service, and one hundred and fifty-eight more have been accepted and are subject to call. Leave of absence has been granted to all those who have enlisted, and positions will be available to them when they return. Married men are being paid the difference between three-quarters of salary and army pay, and single men the difference between two-thirds of salary and army pay. To fill the vacancies created, and to take care of increased business activity, we have had to engage six hundred and sixty-seven additional staff, many as temporary clerks for the duration of the war.

"The employees of our two London offices are performing their daily work amidst the death and destruction of modern warfare, and are carrying on in the characteristic British way. We cannot speak too highly of their courage and fortitude, which fill us with admiration. Up to date there has been only one fatal casualty.

"An institution is just the sum total of the persons who carry on its affairs. The high standard of our personnel, numbering more than 7,000 men and women is a most important factor in contributing to the bank's progress. Through the intelligent and interested work of this staff, from the oldest to the youngest recruit, there has been built up a spirit of goodwill between the bank and its customers which is one of our greatest assets. It is an asset that does not appear on the financial statement, but, nevertheless, is reflected in it.

"To our staff I convey the thanks of the Directors and Executive."

SOUTH ALBERTA'S LARGER INCOME

An Increase of Approximately 9 Per Cent in New Wealth in 1940

Lethbridge. — An increase of approximately nine per cent in new wealth produced in 1940 as compared with 1939 is revealed in a survey of farm, ranch, mine and factory production in Southern Alberta made by the Herald for its annual year-end edition. Production reached a post-depression high of $55,765,000, an increase of $4,650,000 over 1939, though only $800,000 over 1938.

Chief factor in the increase was the larger wheat crop, producing $2,410,000 more than the 1939 crop. Value of the crop was figured at 50 cents per bushel at the primary shipping point. While the figure for 1940 crop is larger than for 1939 it lags $4,000,000 value behind the 1938 crop, though bushelage in 1940 was slightly higher. In 1938, however, values were distinctly better than in 1940 as two years ago the floor under the price was 80 cents Dominion guarantee.

Remainder of the increase in wealth production in 1940 comes in the realm of livestock, where increased war demand and generally stiffening prices has brought better returns to the cattle and sheepmen. Hog producers, while receiving a lower price for the last couple of months of 1940 than formerly, produced about 40% more hogs and their returns for the whole year were definitely ahead of a year ago. This is the second year in succession that the livestock industry, which bore the whole force of the depression a few years ago, has shown an increase in wealth returns.

Sugar has brought an increase in returns based on the largest crop in South Alberta's history added to an increased price which has brought per ton returns up close to the $7.50 mark.

Following are the comparative figures for 1939 and 1940:

	1939	1940
Wheat	$19,890,000	$22,300,000
Other Grains	3,500,000	4,000,000
Sheep and Wool	2,000,000	2,250,000
Cattle and Hogs	4,000,000	4,500,000
Poultry and Eggs	1,500,000	1,500,000
Dairy Produce	1,500,000	1,500,000
Potatoes, Vegetables	1,500,000	1,500,000
Hay and Feed	3,000,000	3,500,000
Sugar	3,650,000	4,140,000
Honey	75,000	75,000
Coal, Oil and Gas	7,000,000	7,000,000
Manufactured Goods	3,500,000	3,500,000
	$51,115,000	$55,765,000

Freighter to Ferry Food to Britain

New York — The Canadian-British-American Council (CBAC) announces that it has received enough donations to purchase an American freighter to ferry food to Britain (FFFB). Acquisition has not yet taken place but a committee has been selected and has begun negotiations for purchase of the first freighter.

The Canadian - British - American Council was established about three months ago as a war council for the purpose of co-ordinating, if possible, the efforts to raise money in the United States and Canada to help Britain in her present war difficulties. Case Howard, past governor of the Canadian Club of New York; treasurer of the Canadian Society of New York for many years and travelling representative and manager foreign business department of the New York agency of a large Canadian bank for twelve years, has become chairman of the Public Relations Committee of the council and has been directing much of its work to date.

Mr. Howard states that it is a non-profit, non-political organization with no affiliations official or unofficial with any of the three governments. There are no solicitors and no direct funds received for clothing etc. as this is so well taken care of by Mrs. Wales Latham, president of Bundles for Britain and other groups.

Manitoba War Contracts To Date Total 17 Millions

Winnipeg.— War contracts totalling 17 million dollars have already been placed in Manitoba, G. E. Carpenter, secretary of the Prairie division Canadian Manufacturers' Association, declared here. Mr. Carpenter addressed a meeting of the Manitoba branch executive committee of the C.M.A. and he added that the $17,000,000 worth of contracts did not include contracts for munitions or the new chemical plant.

Mr. Carpenter, who since shortly after the outbreak of war has been trade agent for prairie manufacturers, dealt in detail with the government's system of purchasing vast quantities war supplies.

DOMINION BRIDGE EARNINGS HIGHER ALMOST 100 P. C.

Net Equals $1.35 a Share On Stock as Against 72 Cents

GROSS UP SHARPLY

But Depreciation and Tax Write-Offs Affect Relative Improvement in Net Results for the Year

An increase of about 150 per cent in operating profits of Dominion Bridge Co. Ltd. for the fiscal year ended October 31st, 1940 as compared with preceding fiscal year was offset to a material extent by greater appropriations for tax reserve and for depreciation. Net earnings for the period, nevertheless were almost 100 per cent higher, being equal to $1.35 a share on the outstanding capital stock as compared with 72 cents a share earned for the fiscal year ended October 31st, 1939.

Already strong working capital position reveals an improvement of over $700,000, both current assets and current liabilities being materially higher in reflection of much more active operating conditions during the year under review.

Income account shows operating profits for the year under review of $2,067,479 and total income before depreciation, taxes, etc., of $2,223,385 as compared with $1,028,344 in the preceding year.

After depreciation, directors' fees, taxes, etc., net profit for the year under review is shown at $699,295 as compared with net profit of $371,-429 for previous fiscal year. Profit and loss figures for past 2 years compare as follows:

— Year Ended Octoebr 31 —

	1940 $	1939 $	1938 $
Oper. prof.	2,067,479	832,809	954,864
Inv. inc.	133,250	149,071	184,233
Prof. on bds.	22,656	46,464	41,341
Total	2,223,386	1,028,344	1,180,432
Deduct:			
Dir. fees	23,640	23,830	22,181
Exec. sal.	82,000	74,000	73,500
Legal fees	4,053	2,607	3,270
Tax reserve	832,292	136,151	122,738
Depreciation	582,105	420,325	426,735
Net profit	699,295	371,429	532,314
Dividend	616,741	616,741	616,741
Surplus	82,554	d 245,312	d 84,727
Prev. bal.	1,828,902	2,074,214	2,158,941
Surplus c.f.	1,911,456	1,828,902	2,074,214

d—Deficit.

Working Capital Higher

In balance sheet current assets are shown over $4,000,000 higher at $13,291,345. Cash is over $275,000 lower at $92,254 and call loans of $300,000 on previous balance sheet have been liquidated while government bond holdings show a reduction of about $100,000 at $2,291,374. As against this inventories are shown up over $1,000,000 at $3,766,-378, receivables up $650,000 at $1,-943,378 and amounts due or uncompleted contracts more than $3,000,000 higher at $4,268,016.

Among current liabilities there are a bank loan of $636,093 and a bank overdraft of $819,774 which were not shown on previous balance sheet; tax reserve is up over $680,-000 at $979,537 and payables are nearly $1,150,000 higher at $2,218,-648. Among the assets, investment in subsidiaries shows a reduction of $100,000 at $2,081,376 while on the liability side earned surplus is shown up $83,000 at $1,911,456. Net working capital figures for past 3 years compare as follows:

	1940 $	1939 $	1938 $
Cur. assets	12,291,345	9,267,086	8,994,653
Cur. liabs.	4,881,448	1,567,461	1,294,708
Work. cap.	8,409,897	7,699,625	7,699,945

Business Up 121 Per Cent

In presenting the report to shareholders W. F. Angus, president, says in part:

"The Riverside Iron Works, Limited, in which your Company had a majority interest, has now become a wholly-owned subsidiary by the purchase of the outstanding shares, and its assets and liabilities have therefore been incorporated in the consolidated balance sheet now before you.

"Value of new business entered during the year shows an increase of 121 per cent over that entered in 1939. This is exclusive of orders for shells and cartridge cases. Shortly after the turn of the year your company was called upon to furnish a very large tonnage of structural steel and plate work of all kinds for different plants which were being erected for the manufacture of munitions. These orders were all for quick delivery, necessitating placing all of your plants on a 24-hour schedule. The total output of all plants during the year amounts to 106,300 tons—quite the largest output for many years. Beside the regular lines of production, large orders for marine boilers, cartridge cases, shells and a variety of other work have been placed with your company.

"Comparison of new business entered by plants and percentage of total output for the individual plants follow:

Plant:	New Business %	Total Output %
Amherst	2.4	4.0
Lachine	52.0	37.0
Ottawa	2.0	2.3
Toronto	17.0	19.1
Winnipeg	12.0	22.0
Calgary	2.6	2.6
Vancouver	12.0	13.9

Expenditure on capital account during the year amounted to $345,-000. A large proportion of this expenditure was made in order to meet the greatly increased demands for your company's products required for the war effort. The regular provision for depreciation has been somewhat increased principally due to a special rate granted on equipment purchased to carry out war orders.

FUR FARMING REVENUE

Saint John. — Revenue derived from the fur farming industry in the three Maritime Provinces in 1939 totalled $1,421,797, the Dominion Bureau of Statistics reports. Sale of live fur-bearing animals accounted for $50,011 of the total. The remaining $1,371,786 was the result of pelt sales.

The Personal Touch

L. M. SHERWOOD, who has been elected director and vice-president of Fraser Companies Ltd., has been associated with the corporation for a period of 25 years, except for time spent in service overseas during

the last war. On returning to Canada in 1919 he rejoined the company as chief accountant.

Mr. Sherwood's rise in the company has been progressively as follows: Assistant treasurer in 1920, treasurer in 1929, vice-president in charge of finance in 1931, secretary in 1933 and vice-president and comptroller in February of 1940. With his new appointment as vice-president he still holds the offices of comptroller, secretary and treasurer of the parent company and subsidiaries.

AUBREY CRABTREE, who has been elected president of Fraser Companies Limited, in succession to Col. K. S. MacLachlan, who is serving as Acting Deputy Minister of National Services, has had more than 20 years experience in the pulp and paper business. After

returning from serving overseas in 1919 he spent some time in study and then re-entered the business. From 1920 until 1928 he served in various capacities with Edwin Crabtree and Sons, Sunapee, N.H., Adams Paper Company, Wells River, Vt., and Howard Smith Paper Mills, Limited, at Crabtree Mills and Beauharnois, Quebec.

In 1928 Mr. Crabtree was made general superintendent of Canada Paper Mills at Windsor Mills, Quebec, afterwards becoming resident manager. He joined Fraser Companies in the fall of 1930 as mill manager of Fraser Paper Limited, and was appointed general manager of that company in 1935. He held that appointment until he became vice-president and general manager of Fraser Companies Limited and subsidiary companies in February, 1940, which offices he has held up to the time of his new appointment.

RICHARD E. HEARTZ, B.Sc., M.E.I.C., assistant chief engineer of The Shawinigan Engineering Company Limited, whose election as chairman of the Montreal Branch of the Engineering Institute of Canada, at the annual meeting of the Institute has been announced has been very active in the institute af-

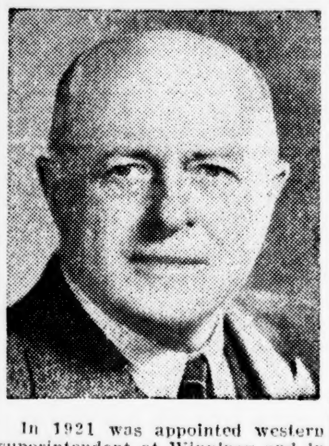
fairs. He was a member of papers and meetings committee for 1936-1937; member, executive committee 1938-1939; chairman, entertainment and smoker committee on the welfare and training of the young engineer 1939-1940, and was vice-chairman of the Montreal branch in 1940.

Mr. Heartz was born in Marshfield, Prince Edward Island, August 18th, 1895, and graduated from McGill University in 1917. He enlisted with the Royal Flying Corps, transferred to the Royal Air Force when it was organized, won a commission and was appointed a flying instructor in 1918, being demobilized in 1919. That year he joined the Fraser Brace Engineering Company Limited, and was employed on the construction of Big Eddy dam on the Spanish River. He was appointed resident engineer at La Gabelle development on the St. Maurice River in 1922, having joined the staff of The Shawinigan Engineering Company Limited in 1920. He was resident engineer of the St. Narcisse development on the Batiscan River in 1924-1925 and in 1926 was transferred to Montreal for investigation and preliminary design of hydro-electric developments. He was appointed resident engineer in 1927 of the Paugan Falls development on the Gatineau River and since the completion of this undertaking, has been connected with the design and construction of different hydro-electric projects.

Besides being a member of the Engineering Institute of Canada, he is a member of the Professional Engineers of Quebec and the Canadian Electrical Association.

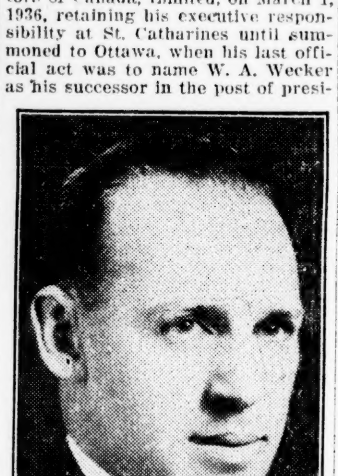
F. K. MARSH, general manager of the Bank of Toronto, whose election to the board of directors was announced following the annual meeting of the bank this week.

Mr. Marsh began his banking career with the Bank of Toronto at Ingersoll, Ontario. He was chosen to open a branch of the bank at Cobalt at the very beginning of that spectacular mining camp.



In 1921 was appointed western superintendent at Winnipeg and in 1928 he became assistant general manager. He was appointed to his present position of general manager in 1938.

HARRY J. CARMICHAEL, vice-president and general manager of General Motors of Canada, who has been drafted for a key post in the war-time mobilization of Canadian industry, began his business career in 1908 with Sargent & Company in New Haven, Conn., and in 1912 joined the McKinnon Industries at St. Catharines, Ont. Shortly after this organization was acquired by General Motors Corporation, Mr. Carmichael was appointed president and general manager on March 1, 1929. He was made vice-president and general manager of General Motors of Canada, Limited, on March 1, 1936, retaining his executive responsibility at St. Catharines until summoned to Ottawa, when his last official act was to name W. A. Wecker as his successor in the post of presi-



dent and general manager at McKinnon Industries.

Best known in St. Catharines, where it was said that "no citizen has given himself so superabundantly to the public or the service of others," Mr. Carmichael has wide business affiliations in the banking, transport, mining and other fields in addition to his automotive associations. He is a director of the Bank of Toronto and several manufacturing companies; a member of the executive of the Canadian Manufacturers Association; a member of the American Management Association.

Mr. Carmichael is described as a forceful personality — "the Knudsen of Canada." Cool, quiet-spoken, friendly, he is still in his forties and looks more the trained athlete than the business executive. He is a sports lover, "pal" of juvenile players, active in every community enterprise. He was born in New Haven when his father, a British engineer, was employed there. Early in life, Harry chose mechanical training as the best route to the goal of business success. He gave up a $25 a week office job at Sargent's to take a job in the factory at $3.50 per week. In 1912 he came to McKinnon Industries at St. Catharines as a pattern maker at 30c an hour. Seventeen years later he was president, and able to do any job in the plant. It was this training which undoubtedly marked him as an ace in industrial production and helped fit him for high responsibility.

Announcing Mr. Carmichael's resignation, R. S. McLaughlin, the president of General Motors of Canada, voiced his pride in that the company is thus able to place itself further at the disposal of the government in the war effort to which so many substantial contributions have already been made. "We are making a very great sacrifice," he said. "But this appointment may well be of supreme consequence in our country's all-out effort. I have always considered Harry Carmichael one of the most efficient executives in Canada and one of the most modest." Mr. Carmichael leaves the G.M. factories geared to an output of 300 military vehicles per day, soon to be increased to 400 per day; not to mention a rapidly rising capacity for munitions of various types, including large orders for machine guns.

NET EARNINGS DOM. OILCLOTH OFF SLIGHTLY

After All Charges Including Heavier Taxes, Earned $1.61 On Common Stock

$1.75 PREVIOUS YEAR

A moderate contraction in net earnings after all charges is reported by Dominion Oilcloth and Linoleum Co. Ltd. for fiscal year ended October 31st, 1940 as compared with preceding year. In balance sheet a healthy improvement in both net working capital and cash position is shown.

Report shows net profit of $1,-129,822 after making provision for $397,151 for Dominion income and excess profits taxes and provincial taxes and all other charges, equal to $1.61 a share on 700,000 no par common shares of capital stock before taking into consideration the participating dividend feature.

This compares with net profit of $1,224,876, after $172,083 domestic income taxes for the previous year, or $1.75 a common share.

Balance sheet shows current assets of $2,935,929, including $673,803 cash and $1,512,573 inventories. This compares with current assets of $2,-171,118 including $290,224 cash, $100,000 demand loan and $1,022,132 inventories at the previous year-end.

Current liabilities totalled $712,-557, comprising $286,493 accounts payable, $416,308 provision for taxes and $9,756 provision for dividend on the no par deferred stock. This compares with current liabilities of $523,281, comprising $213,232 accounts payable, $210,558 provision for taxes and $99,491 provision for dividend on deferred stock at October 31, 1939.

Net working capital of $2,223,372 compares with $1,647,837 at the prior year-end.

J. J. McGill, president, states no curtailment of production has yet occurred and adequate consignments from abroad for the company's requirements are still continuing to arrive. Tariff reduction on imports of British oilcloths and linoleums should not materially affect the company's sales during the war period, he adds.

INCREASED LOSS BURRY BISCUIT

After All Charges Had Deficit of $264,882 Against $18,978 Previous Year

Toronto.—Burry Biscuit Corp. had a net loss of $264,882 for the fiscal year ended October 26, 1940, as compared with a net loss of $18,-978 in the previous year. Sales are shown at $2,403,122 and loss from operations $245,737. Profit and loss account shows a deficit of $177,002, as against a surplus a year ago of $87,880.

As of Oct. 26, 1940, current assets were $411,135, including marketable securities booked at $84,-875 (market value based on bid price was $35,550). Current liabilities totalled $265,963, leaving net working capital of $145,172, as against $146,706 at the previous year-end.

President G. W. Burry states that the operating year was difficult. Bulk prices remained at an unprofitable level and the company was forced to concentrate on branded items. To more quickly establish company's branded line, promotional expense in excess of $65,000 was incurred and fully absorbed in the year's operations. "This activity was engaged in largely during the closing periods of the year," he stated, "and the benefits therefrom have not yet been reflected in results." Reserves of $35,000 were credited and charged to the year's operations for finishing materials.

Net Loss Reported for Detroit-Canada Tunnel

Toronto Bureau The Financial Times

Toronto.— Gross revenues of Detroit and Canada Tunnel Corp. and its Canadian subsidiaries, amounted to $701,761 in the year ended October 31, 1940, which represents a decrease from the previous fiscal year, when revenues totalled $888,-460. After operating expenses, bond interest, depreciation and taxes, a net loss of $9,432 was recorded in the latest year, which compares with net profit of $105,865 on the same basis in the previous year. During the latest period no dividends were paid on common stock, but $27,700 of bonds were retired through sinking fund operations, leaving the total bonded debt outstanding at $1,969,850.

George R. Cooke, president, reports that vehicular traffic for the year under review was 19.69% below that of the previous fiscal year, while December, 1940, vehicle traffic is 29.53% below that of December, 1939. Final decision is now pending in the company's hearing on its requests for increased tunnel tariffs, which is now going ahead before the Board of Transport Commissioners for Canada. No favourable modification of the existing regulations of the Canadian Foreign Exchange Control Board are expected by the company's management.

C. D. HARRINGTON, who will be installed as president of the Montreal Board of Trade at the annual meeting January 28th, is vice-president of the Anglin-Norcross Corporation Limited and is a distinguished engineer in the construction industry. He graduated from the Royal Military College in 1905, and was a graduate in Science of McGill University in 1907. He is a member of the Engineering Institute of Canada, and a past president of the Canadian Construction Association. During the past 33 years he has been in charge of some of the largest building projects in Canada. He is at present in charge of construction of several important plants for war purposes.

BRUCK SILK HAS PROFITS GAIN IN YEAR OF ACTIVITY

Earned 46½ Cents on Stock But After Minimum On Excess Profits Tax

WORK. CAPITAL STEADY

Reflecting a naturally more active period in sales and operations, Bruck Silk Mills Ltd. reports for the fiscal year ended October 31st, 1940, a wide expansion in gross profits in comparison with the preceding fiscal year. Due to an increased write-off to depreciation and a considerably larger appropriation to tax reserves, however, improvement in net earnings was less marked. After all charges and write-offs net for the year under review was equal to 46½ cents a share on the outstanding capital stock as against 24 cents a share earned for the fiscal year ended October 31st, 1939.

In the income account gross trading profit for the last year is shown at $511,628, as compared with $381,594 in 1939 and $295,722 in 1938. Selling, administration and other expenses were moderately higher at $291,836 as compared with $267,242, bond interest was slightly reduced at $26,601, depreciation write-off was $97,610 against $47,694 in previous year, while, in order to provide for increased taxation, there was reserved for taxes an amount of $35,156 as compared with $7,453 in the preceding period.

It is noted in the certificate of the auditors, attached to the balance sheet, that provision for taxes under the Excess Profits Tax Act has been based on the minimum 12% on the company's profits. Application is to be made by the company to be classified as a deprressed company under the provisions of the Act. If so classified further taxes, if any, would depend on the findings as to the yield allowed to the company on the amount of capital employed during the period.

After all deductions the profit and loss account shows a balance for the year of $58,309 as compared with $30,278 in the previous year. Profit and loss figures for past three years compare as follows:

	1940 $	1939 $	1938 $
Gross profit	511,628	381,594	295,722
Other income	82	577	603
Total income	511,710	382,171	296,325
Selling, exp.	291,836	267,242	218,242
Dir. legal fees	2,198	2,294	2,757
Deprec.	97,610	47,694	44,924
Bond interest	26,601	27,210	27,807
Res. for taxes	35,156	7,453	1,338
Year's Surplus	58,309	30,278	1,257
Prev. Surplus	498,863	469,472	467,603
Adjustment	a3,991	d886	a612
Earned Surplus	561,163	498,864	469,472
bNet per sh. com.	46½c	24c	1c

a—Add.
d—Deduct.
b—On 125,000 shares of no par value.

Position Maintained

Balance sheet shows net working capital and cash position well maintained. Current assets are up at $1,116,575 from $908,481, while current liabilities at $457,100 compare with $242,420. Net working capital at the year end amounts to $659,475 after allowance for the increased reserves charged off during the year and an expenditure on capital account of in excess of $190,000. Depreciation reserve amounted to $868,049, deduction of which placed net fixed assets of the company at $981,332, as compared with $882,221 a year earlier. Inventory position was again fortified in line with prevailing conditions in the textile industry, being increased to $745,689 from $631,-203, while additional raw materials in amount of $105,246 were held in public warehouse. Increased inventory was reflected in a bank loan of $200 000 as compared with $135,000 a year earlier. During the year an amount of $2,000 par value of 6½% first mortgage bonds was redeemed and cancelled and balance sheet showed an amount of $7,689 in bond sinking fund cash account. Comparative net working capital position for past three years follows:

	1940 $	1939 $	1938 $
Curr. Assets	1,116,575	908,481	851,990
Curr. Liabs.	457,100	242,420	124,469
Net work. cap.	659,475	666,061	727,521

In submitting the report, I. I. Bruck, president, states that sales during the year under review were 48.07 per cent in value and 55.94 in yardage greater than for previous year. New export markets in the West Indies and South America had been established, he said. While cautious with regard to prospects, he indicated that the immediate outlook appears to be for sustained activity.

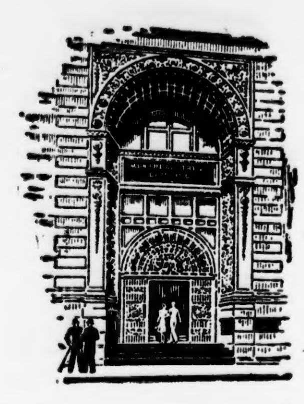
Healthy Sales Gain for Year Shown by Zeller's

Sales of Zeller Limited for the month of December totalled $1,352,-079, as against $1,171,047 in the same month of 1939, an increase of 15.46%.

This brought sales for the full year 1940 to $7,359,662, as against $5,793,680 in 1939, an increase of 27.03%.

Sales for November, 1940, showed an increase of 30.4% over the same period of 1939.

The Financial Times reaches a class of people who are interested and able to buy investment securities.



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Canadian Car & Foundry Publishes First War-Time Report

Reveals How Company Is Playing a Key Role in War Effort of Canada

Gross Net Far Short of 1937-38 Peak But Net Affected by Depreciation and Tax Write-Offs — Demands on War Production Facilities Are Increasing Steadily

GERMAN CLAIM PAYMENT COMES AT GOOD TIME

The annual financial statement of Canadian Car & Foundry Co., Ltd., for the fiscal year ended September 30, 1940, which has just been released, reveals the extent to which the enterprise and foresight of the management has enabled the company to play a highly important, key, role in Canada's war effort. Equally important, to the stockholders, is the effect on the company's earning power, with profits up sharply, despite the low profit-margin permitted on government contracts, despite the new high tax load and despite the decision of the company to increase its write-off for depreciation substantially, as a conservative policy for protection of stockholders.

Import to the national interests of Canada, of the company's courageous pre-war pioneering policy preparing plant facilities for a quick shift to large-scale production of airplanes, munitions and other war supplies, is found in the fact that the company's aircraft production activities are now highly varied and on a large scale; also in the fact that, in addition to aircraft, the company is now an important manufacturer of vital steel products, of shells, and of many other important materials urgently needed by Britain, as well as in Canada in connection with the wartime industrial program. In addition, Canadian Car, it is revealed, will shortly be producing airplane propellers, and is to be entrusted with the management of the huge government-financed shell-filling plant being erected east of Montreal.

Notwithstanding a considerably smaller volume of car business, operating profits of Canadian Car and Foundry Co. Ltd. for the fiscal year ended September 30th, 1940 were only about $500,000 or 25 per cent lower than for the fiscal year ended September 30th, 1938 when profits were at a recent peak. Due to special depreciation write-off, however, net after all charges was materially lower being equal to $1.69 a share on the $1.75 a share preferred stock as compared with $4.16 a share earned on the preferred for the 1937-38 fiscal year.

Improvement in operating results over the fiscal year ended September 30th, 1939, was noteworthy. For that period company reported an operating loss of $50,798 and a net deficit, after all charges and write-offs, of $504,815.

Larger Depreciation Write-Off

For the fiscal year under review operating profits amounted to $1,443,949 as against $1,967,694 for the year ended September 30th, 1938. Other income was higher than for 2 previous years at $61,309, as against $37,437 for 1938-39 period and, $32,545 for year to September 30th, 1938. The sum of $660,222 was written off to depreciation as against $397,068 for year to September 30th, 1939 and $440,776 for 1937-38 fiscal year. Reserve for taxes amounted to $265,000 as compared with nothing in previous year and $275,000 for year ended September 30th, 1938.

Despite a substantial increase in bank loans and in accounts payable during the past year, net working capital is shown in the balance sheet sharply higher, being up at $2,353,985 from $1,490,383 at the end of the previous fiscal year. As at September 30th, 1938 net working capital was shown at $2,874,244. Current ratio was also well maintained in face of the sharp rise in loans and payables. Current assets being up at $8,679,668 from $4,807,711 on previous balance sheet while current liabilities are at $6,325,683 as compared with $3,317,423.

Among current items on the balance sheet inventories are shown up sharply at $4,629,724 from $3,434,645 and receivables are also very materially higher at $3,545,554 as compared with $1,901,678. Cash is up at $504,388 from $371,486. Payables show a wide expansion at $2,766,172 as compared with $827,178 while bank loans are shown up over $800,000 at $3,083,000; tax provision amounts to $476,511 as against $127,644 on previous balance sheet.

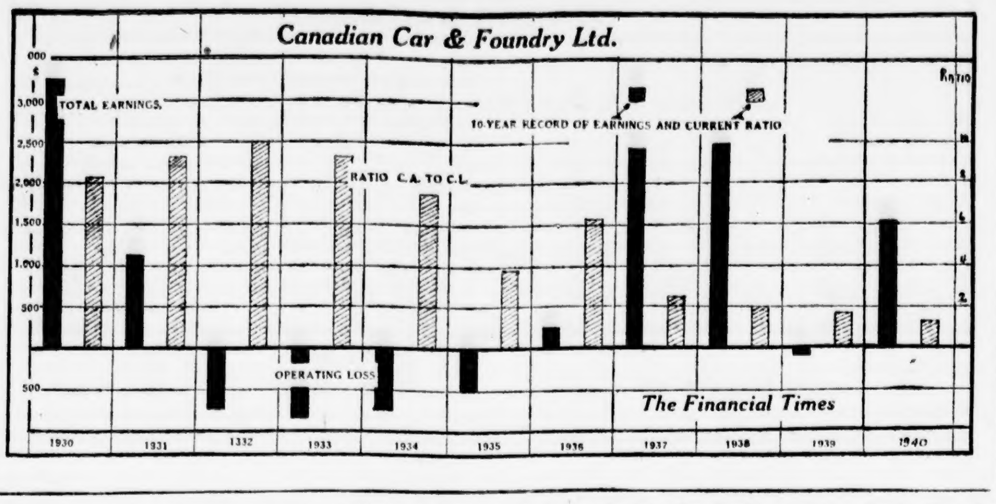
Balance sheet points out that, as at end of the fiscal year, arrears of dividends on outstanding preferred stock amounted to $2,582,008.

Payment On German Claims

Since preparation of the report, the company has received a cheque from the U.S. Treasury for approximately $6,000,000, U. S. funds, as initial payment in connection with the award by the Mixed Claims Commission from German funds held in the United States for the sabotage destruction of the Kingsland, N.J., plant of the company's U.S. subsidiary during the last war. Final payments in connection with the award are to be received shortly. From total amount payments will have to be made for legal expenses during the 20-year litigation, and there will have to be heavy deductions for U.S. and other tax claims and sundry expenses, but Street estimates have suggested the net amount that may be left to Canadian Car may run somewhere beween $3,000,000 and $4,000,000.

This amount will be added to working capital, which on the latest balance sheet is shown at $2,353,985. The strengthening of the company's financial position will place Canadian Car in a much better position to serve the country in meeting new industrial requirements; in addition, it probably will permit resumption of payments on the preferred stock, which is in arrears as to dividends.

The difficulties in bringing about a successful termination of the litigation have appeared at times almost insuperable. In fact, other claimants in the U.S. virtually despaired of getting the case settled favourably, and it was due largely to the persistence and unquenchable optimism of Canadian Car officials now actively associated in the present management that the claim was steadily pressed, to a successful and highly profitable conclusion.



Record of the company during the past year of wartime operation indicates that earnings prospects for the forthcoming year, of even more intense activity on munitions and aircraft work, are favorable. In fact, the ability of the company to show increasing earning power suggests further improvement in profits in the year ahead.

As regards longer-term prospects, the fact that the company has carefully avoided the mistake made by many companies in the last war, of over-expansion of plant facilities, and instead has relied on most effective possible use of existing plant facilities, promises minimum of unsettlement and readjustment, with end of the war. The company has given chief attention to development of production of aircraft and other products, which appear likely to have a continuing expanding market in the peace era which will follow the war.

Canadian Car Has Paid Particular Attention Diversifying Products

Canadian Car, 10 years ago, like other railway equipment companies, was almost entirely dependent on orders from the railroads. Seldom does initial production in a new field return much profit to a corporation at the start. This is due to the fact that capital investment required, and special expenditures, must be written off before the business can return the maximum of profit. Particularly in the case of armament business, where the orders are placed on a cost-plus basis and profit-margin is narrow, is this element a factor. In the case of Canadian Car much of the early investment and expenditures already have been taken care of.

Aircraft production, will, of course, be almost entirely for the war purposes so long as the war lasts and it may be assumed, under such circumstances, the profits from this relatively new division will be limited. Importance of the development, however, lies in the likelihood of large-scale progress in commercial aviation following the war, which will open up an important new source of business and earnings for the company. In the meantime aircraft business will play an important role in carrying a considerable proportion of the company's overhead.

Canadian Car's policy of diversifying production, to get away from the traditional "feast and famine" character of the railway equipment business, dates back a number of years. At company's plants in addition to finished passenger and freight cars, steel and cast iron malleable castings, long have been produced. Canadian General Transit Co. also was formed some years ago.

In production of street cars, the Canadian Car management has brought the company to the forefront.

Canadian Car's successful entry into the airplane field attracted the attention of the Mexican government, and Canadian Car is now co-operating in an airplane production enterprise in that country, which has interesting possibilities. Under the Mexican arrangement, Canadian Car makes no investment of its own, but will have charge of production at a $2,000,000 plant being financed by the Mexican government. Planes will be produced at the plant for the Mexican government, and also will be sold in the promising central and South American field. Profits, it is understood, will be divided on a 50-50 basis between the Mexican government and Canadian Car. It was reported during the past week that company had received first payment from the Mexican government on this contract. Amount of the payment, which was not divulged, was put unofficially at around $1,000,000.

Adapted for Aircraft Work

In aircraft production, Canadian Car is in a field which is closely allied to its other types of work, and to which production facilities can be extended with a minimum of extra cost. Thus, company is particularly adapted to make this venture a profitable one.

In other types of armament work, Canadian Car is in a position to take a leading part. During the last war, Canadian Car was active in armament work, and thus has the advantage of experience and an established prior reputation.

In the field of railway equipment, the compnay long has been in the foerfront. Through control of valuable patents, the company obtains a royalty of $100 on every car built in Canada, irrespective of what company receives the order.

Organized in 1909, Canadian Car & Foundry Co. Ltd. owns and operates a total of 10 plants of which 6 are located in Montreal — 2 car plants, 2 foundries, an aircraft plant and a propeller manufacturing plant — and one each in Welland, Ontario, Amherst, Nova Scotia, Fort William and Brantford. Car works of the company are equipped for the building, finishing and upholstering of all kinds of railway rolling stock—freight cars, passenger coaches, sleeping cars, dining cars, etc., and the foundry plants, in addition to producing many of the parts used in the building of cars—exclusive manufacturing rights for many of which are owned and on which royalties are collected from other car companies in Canada — also manufacture a wide range of specialties. The Fort William plant of the company, idle over a considerable period of years, was reconditioned in 1939 and is now being operated as an aircraft plant.

Capital Structure

Capitalization of Canadian Car & Foundry Co., Ltd., consists of 283,115 shares of $25 par value preferred stock carrying a cumulative annual dividend of $1.75 a share,and 365,000 shares of an authorized 400,000 shares of no par value common stock. The preferred stock is cumulative and participates with the common on all dividends over $1.75 a share paid on the latter. At organization the company was capitalized at $5,000,000 of preferred stock and $3,500,000 of $100 par value common; in September 1910 an additional $1,100,000 of preferred and $375,000 of common was issued; in September 1912 an additional $100,000 of common; in September 1913 an additional $900,000 of preferred; in September 1916 an additional $500,000 of preferred and $250,000 of common; and in September 1917 an additional $750,000 of common.

In February 1929 the authorized common stock was increased from $5,000,000 to $10,000,000 and 33,360 additional shares of stock offered to shareholders at $125 a share on a ratio of 1 new share for each 3 held. From the proceeds of this stock issue, which brought $4,170,000 into the treasury, the entire remaining funded debt of the company and its subsidiaries was redeemed, leaving the preferred stock a first charge on earnings. Later in 1929, in September, the common stock of the company was split 4 for 1 and the par value of the preferred stock was changed from $100 to $25, this involving a 4 for 1 split in the senior issue also.

The former relative dependence of the company on railway equipment buying for its earnings is indicated by the trend of profits over a period as shown in the accompanying 19-sheet review of earnings and balance sheet position and dividend and market records of its preferred and common stocks. The years of generous railroad purchases are marked by very substantial profits and earnings for the company while periods when equipment buying was at a minimum, or entirely lacking, have seen heavy operating losses. These wide swings in the fortunes of the company have naturally been reflected in an erratic dividend record and equally wide swings in the market valuation of the securities outstanding.

President Says Future Returns to Be Limited Due to War Conditions

In presenting the annual report for the latest fiscal year, Victor M. Drury, president of the company, reviews developments during the period as follows:

"A very substantial volume of business, arising from war requirements, has now been received by your company, (too late for reflection in the earnings of the past year) and, in all of these contracts, our government has rightly limited war profits to a small percentage of the turnover. Future returns to shareholders will also be limited by the new government taxes.

"In the annual report last year, reference was made to a contract from the British government for the manufacture of first-line aircraft for our Fort William shops. This contract was completed five months ahead of schedule. Additional small orders had been placed with us before the termination of the first contract, but with the sudden rush of war work following the capitulation of France, severe difficulties arose in connection with the supply of raw materials and components, to the extent that it was impossible to resume shipment of this type of aircraft until late in September. In the month of July last, further large orders for planes of this type were received, and production is being speeded up as rapidly as the material and machine tool situation will permit

"Reference was also made last year to the order for aircraft secured through Canadian Associated Aircraft, Limited, for execution at your Montreal plants. Shipments under that order are ahead of schedule, and the size of the order has been considerably increased.

"Further contracts for aircraft have been received from the Canadian government, and these will be executed partly in your Montreal shops and partly in buildings on your property at Amherst, Nova Scotia, some of which had been unused for many years. The shops at Amherst are now being prepared and are expected to go into production at an early date.

"Contracts have been received by your company for shells of large calibre. In performing these contracts, the steel ingots are cast at your Longue Pointe foundry; the ingots are forged at your Turcot works, and the forgings are machined at your Dominion plant; all in Montreal. The delay in delivery of machine tools prevented shipments during the past fiscal year.

"Your company has also received a substantial order for aeroplane propellers from the Canadian government, and this order will be executed in your Montreal shops.

"Your plant at Welland, Ontario, is still idle, but continuing efforts are being made to bring it into useful production.

Heavy Capital Outlays

"All of the large contracts above referred to have necessitated substantial capital outlays for improvements to your properties, and for the installation of the necessary machine tools, some of which are being purchased for our own account and the balance are being supplied by the government. A great percentage of these capital outlays is to be met by the British and Canadian governments, but very substantial sums in this respect were owing to us as at September 30th last, and this condition accounts for the extent of the bank loans as at that date.

"In June of this year, your company was entrusted with the task of constructing a large shell filling plant, on behalf of the Canadian and British governments, who will supply all the necessary funds. For the purpose of carrying on these operations, which are performed on a fee basis, your company formed a subsidiary, Canadian Car Munitions, Limited. Building operations will not be completed until April 1941, although partial production is about to commence. Nearly 6,000 men are now employed on construction of the property.

"The award to Agency of Canadian of Canadian Car & Foundry Company, Limited, by the Mixed Claims Commission, United States and Germany, is still unpaid. The action by certain prior awardholders, referred to in the last annual report, has been prosecuted through the District Court at Washington, D.C., where it was rejected, and the Appeals Court for the District of Columbia, where the complaint was dismissed unanimously. Notwithstanding this, an application for "certiorari" before the Supreme Court of the United States was granted; the argument was heard at Washington on December 9th and 10th, 1940, and a unanimous decision, upholding the award, was rendered on the 6th instant. No further obstacles to payment are foreseen.

"The operations of the Canadian General Transit Company, Limited, in which your company owns a controlling interest, continue to expand satisfactorily.

"Your directors regret to have to report that, owing to existing conditions in Europe, Sir Hugo Cunliffe-Owen, Bart., felt compelled to submit his resignation. The vacancy on the board was filled on October 28th, 1940, by the appointment of Mr. William Harty, chairman of the Board of Canadian Locomotive Company, Limited, Kingston, Ontario.

Farm Land Values In U.K. Are Rising

Ottawa. — "During the last year the attitude towards agricultural lands in the southwest of England, and in fact all over the United Kingdom, has been undergoing a change. Rural land values are rising," states E. L. McColl, Canadian Trade Commissioner at Bristol in a report to the Department of Trade and Commerce. "Since the start of the war farm lands have advanced in price £10 per acre.

"Three explanations for the rise in land values are offered by real estate agents," he says. "Firstly, the sale of foreign securities which have been taken over by the government, has resulted in a large amount of money coming home to Britain. The owners of these securities have been given sterling and many of them are seeking to reinvest it in agriculture. Secondly, considerable surplus money has accumulated in many urban centres and some of it is being attracted to the countryside. Thirdly, the better outlook for the farmer, due both to government encouragement and the higher prices obtained for agricultural products, is attracting fresh capital towards the land."

The report shows that in most districts a big addition of grassland is scheduled for arable cropping through the use of fertilizers. More wheat planting than ever is aimed at for next autumn ploughing. While farmers will be allowed reasonable latitude in the choice of crops they are to grow, the need of raising wheat, potatoes, and winter feeding-stuffs for dairy cattle is emphasized."

Canada Permanent Fights Farmer-Creditor Proposal

Regina. —On the ground that the applicant's claim is reduced below the value of the security, the Canada Permanent Mortgage Corporation is seeking an order from the Saskatchewan Court of Appeal to quash a proposal formulated by the board of review under the Farmers' Creditors' Arrangement Act in the affairs of John Cheese, a farmer of the Wynyard district.

The company also alleges discrimination in that "a secured creditor, whose claim exceeds the value of its security as shown by the evidence before the board of review, is made to suffer no reduction in its claim, whereas the applicant, whose claim is considerably less than the value of its security as shown by evidence before the board of review, is made to suffer a substantial reduction in its claim."

Twenty-One Year Review of Earnings and Balance Sheet Position

	Gross Profit	Fiscal years ended September 30th: Net before Dividends	Pref. Dividends	Com. Dividends	Surplus for Year	Pref. Stock	Com. Stock	Total Assets	Curr. Assets as at September 30th	Curr. Liabs.	Net Work. Capital	Fund. Debt.	Scrip.	Surp. and Reserves	Property	Depreciat.	
1940	$1,505,259	$ 477,580	....	....	$ 477,580	-$7,077,875	-$9,145,000	$26,917,360	$8,679,668	$6,325,684	$2,353,984	....	....	....	a17,442,053	....	1940
1939	50,799d	504,815*	$ 249,141	....	753,956*	7,077,875	9,145,000	23,435,746	4,807,711	3,317,423	1,490,287	....	....	3,054,321	a17,827,593	....	1939
1938	1,967,694	1,177,314	x637,009	....	540,305	7,077,875	9,145,000	23,527,748	5,522,841	2,648,597	2,874,244	....	....	3,808,207	a17,392,610	....	1938
1937	1,917,006	1,134,413	....	....	1,134,413	7,077,875	9,145,000	23,063,751	4,816,984	2,034,917	2,782,017	....	....	3,267,972	a17,039,616	....	1937
1936	281,789	7,684	....	....	7,684	7,077,875	9,145,000	19,564,352	2,132,492	341,238	1,588,254	....	....	2,133,552	a16,988,926	....	1936
1935	485,091d	497,256e	....	....	497,256*	7,077,875	9,145,000	19,789,558	2,183,043	580,942	1,602,101	....	....	2,125,874	a17,201,480	....	1935
1934	870,401d	729,146e	....	....	729,146*	7,077,875	9,145,000	20,139,689	2,532,689	341,146	2,191,542	....	....	2,706,680	a17,198,012	....	1934
1933	973,428d	853,306e	498,285	....	1,351,591*	7,080,750	9,145,000	28,888,028	3,616,198	389,271	3,226,927	....	....	3,482,776	25,139,173	8,340,230	1933
1932	918,196d	730,037e	525,000	362,142	1,617,079*	7,233,625	9,145,000	30,496,421	5,211,368	517,929	4,693,439	....	....	4,844,369	25,120,856	8,364,455	1932
1931	896,786	761,432	525,000	640,150	403,718*	7,500,000	9,145,000	32,650,178	7,338,806	723,390	6,517,416	....	....	6,583,819	25,073,701	8,364,455	1931
1930	3,104,868	2,593,120	525,000	640,150	1,427,969	7,500,000	9,145,000	33,247,714	8,170,375	996,523	7,173,852	....	....	7,177,765	24,858,025	8,414,455	1930
1929	3,922,113	3,245,902	525,000	147,100	2,233,802	7,500,000	9,145,000	33,139,658	8,907,470	2,744,351	6,163,119	....	....	5,615,205	24,033,913	7,712,454	1929
1928	1,218,896	538,329	525,000	....	13,329	7,500,000	4,975,000	28,000,495	4,001,147	76,051	3,900,896	4,164,599	....	2,523,300	23,468,470	7,510,435	1928
1927	1,332,887	618,456	525,000	....	93,456	7,500,000	4,975,500	29,274,445	5,177,881	1,195,679	3,982,202	5,006,091	644,401	2,524,820	23,303,984	6,908,455	1927
1926	714,826	59,860	525,000	....	*465,140	7,500,000	4,975,000	29,368,079	5,647,290	1,469,864	4,177,426	5,378,779	675,232	2,962,689	22,954,205	6,506,554	1926
1925	256,389	*329,771	x918,750	....	1,248,521	7,500,000	4,975,000	23,249,120	5,648,497	701,508	4,946,989	5,931,997	813,980	3,322,180	23,188,776	6,104,455	1925
1924	1,928,312	1,124,221	x787,500	....	836,721	7,500,000	4,975,000	51,611,446	8,130,677	1,360,593	6,770,084	6,246,589	980,843	4,845,466	23,136,072	5,702,455	1924
1923	2,430,188	1,427,574	x525,000	....	902,574	7,500,000	4,975,000	33,081,532	9,507,657	2,673,436	6,834,261	6,644,193	1,384,822	4,638,626	23,137,323	5,265,455	1923
1922	209,266	*586,632	....	....	*586,632	7,500,000	4,975,000	30,101,602	6,870,998	681,831	6,189,167	7,021,695	1,483,689	3,502,632	23,203,458	4,823,655	1922
1921	1,188,853	*892,396	x2,100,000	....	*2,992,396	7,500,000	4,975,000	31,740,084	8,360,807	1,585,073	6,775,734	7,397,710	1,553,768	5,184,598	23,227,729	4,443,855	1921
1920	1,516,712	539,397	x656,250	....	*176,853	7,500,000	4,975,000	43,828,951	20,720,184	12,219,602	8,500,582	7,757,823	....	7,208,471	23,263,194	4,078,055	1920

*—Deficit. x—Including arrears. (d) Operating loss. (e) Net loss. 1—After depreciation. (-) 283,115 shares of $25 par. (-) 265,800 shares of no par.

CAN. PERMANENT MORTGAGE CORP. PROFITS HIGHER

And Impressive Balance Sheet Position Maintained During the Past Year

WAR SHOWS EFFECTS

Toronto.—Annual report of Canada Permanent Mortgage Corporation for the year ended December 31, 1940, shows a moderate increase in profits wihch amounted to $689,097 as compared with $684,341 for preceding year. Dividends required the same amount as in former years, $560,000, and the sum of $100,000 was again appropriated to reduce the value at which office premises are carried in the balance sheet, so that about $30,000 is added to surplus account. However, in this year the directors have provided out of surplus an additional tax reserve of $50,000 and $150,000 for losses in connection with real estate held for sale.

Balance sheet of the corporation reveals its usual strength although, in a number of items there are changes which are directly chargeable to war conditions. The two Dominion war loans, for instance, depleted savings deposits by more than $3,000,000 but, by the close of the year, two-thirds of the amount had been replaced, with the result that deposits at the year-end totalled $17,105,827, compared with $18,094,160 at the close of 1939.

Sterling debenture stock is unchanged at $793,932 but, in line with government policy as to foreign exchange, there is a decline in debentures payable in sterling from $9,897,142 a year ago to $8,922,661 at present. On the other hand, debentures payable in Canadian currency are up from $27,679,567 to $28,127,328. With tax reserves and sundry accounts payable, total liabilities to the public are now $55,126,435, compared with $56,585,823 a year ago.

Mortgages Show Reduction

Most important item in the assets is mortgages and agreements for sale on real estate. With accrued interest this amounts to $50,654,155, compared with $52,471,513 formerly. Real estate held for sale totals $1,571,681, compared with $1,261,384 a year ago.

The corporation's holdings of Dominion and provincial bonds have increased from $2,457,266 to $2,864,262, largely, it is understood, in Dominion war bonds, while bonds guaranteed by Dominion or provincial governments are up slightly, from $2,674,127 to $2,716,526. Municipal bonds are reduced through maturities from $835,485 to $710,945. Cash remains at a substantial total, $3,429,979, compared with $3,755,880 formerly.

Stocks are carried at $1,783,945, compared with $1,860,130 a year ago. Included in this item is $980,000 of the total capital stock of $1,000,000 of the Canada Permanent Trust Company, which is carried at par, although that company has a reserve fund of $400,000.

The Canada Permanent Trust Company, which does not issue its report at this time, continues to show substantial growth in its estates, trusts and agency account. The total now is $51,930,431, up nearly $3,000,000 from a year ago. While profits are understood to have been somewhat lower, dividends at 6 per cent were amply earned and the balance forward is increased from $85,770 to $91,281.

IMPERIAL LIFE REPORTS GAIN TOTAL BUSINESS

Income From Premiums and From Interest Was Also Higher For Past Year

INTEREST EARNINGS 4.25

Toronto. — Report of Imperial Life Assurance Company of Canada Limited for the fiscal year ended December 31, 1940, presented at the annual meeting here this week, shows increase in total assurances and retirement annuities of $3,176,033 to bring total in force to $302,773,699. Cash income for the year from premiums was $10,401,679 and from interest $3,785,743 against $10,299,446 and $3,734,111 in the previous year. Total assets increased $4,362,002 to $96,177,799.

The company's surplus earnings resulting from the year's operations were $1,722,494 against $1,932,514 in the previous year. Net surplus funds at the end of 1940 were $7,076,472 against $6,174,864 at the end of 1939.

The report reveals average rate of interest earned on all invested funds at 4.25 per cent. This compares with average rate of 4.34 per cent in 1939.

Balance sheet shows investments in bonds and debentures at $60,830,609 of which 59 per cent is in government or government guaranteed bonds and 11 per cent in municipal bonds. This compares with bond and debenture investments of $56,094,522 at end of 1929 when 57 per cent was in government and government guaranteed bonds and 12 per cent in municipals.

J. F. Weston, president, in presenting the report, referred to "abnormally low" interest rates obtainable on new investments, pointing out that while Dominion government bonds in the last war yielded 5 per cent and 5½ per cent similar bonds today yield only 3¼ per cent and 3⅛ per cent "rates which, he said, "are not attractive from a life company's standpoint or even wholly sufficient to maintain in the future net cost of insurance to the policy holder at as low a figure as in the past. They were bought in support of Canada's war effort, he stated.

Pointing out that national expenditures on war were far in excess of national revenue, Mr. Weston stressed necessity of public saving and sacrifice so that the excess not payable by taxation might be met through loans to the government.

Expect Production Changes Will Help Fleury-Bissell

Toronto—There was little change in position of Fleury-Bissell, Ltd., since the end of the fiscal year last October, H. C. Hatch, president, stated at the annual meeting of shareholders.

It was suggested that the problem confronting the company at present was one of increasing plant efficiency and lowering cost, rather than an immediate one of increasing sales. Officials concurred in this view and stated that closing the Aurora, Ont., plant, thereby concentrating production at Elora, Ont., should help in this direction and it was hoped results of greater efficiency would be shown in the current year's report.

Hepburn's Revenge—Or the Wreck Of the Conference

(Continued from page 1)

He's another one of those men, of whom it might rightly be sung: "They're all out of step but Joe." Aberhart, with his Social Credit doctrines, could hardly be expected to subscribe to any scheme which promised to make Canadian financing more orthodox, and which would tend to bolster Canadian credit.

* * *

No one need take too seriously the objections of New Brunswick's J. B. McNair. And it is pretty certain that if Nova Scotia started to give any trouble, Hon. Angus Macdonald could soon whip things into shape, even though Hon. A. S. MacMillan is the Bluenose Prime Minsiter.

Saskatchewan, Prince Edward Island, and above all, Manitoba, were 100% back of the move. It is odd that King should find his strongest support from a non-Liberal administration. But Hon. John Bracken is a far abler man than most people in the east realize, and he has for a long time been sold on the Sirois idea. Perhaps exposure to the doctrines of John W. Dafoe in the Winnipeg Free Press has aided the conversion, for Dr. Dafoe was part of the Sirois Commission. Incidentally, the only head of any Conservative government that came to Ottawa was Errick W. Willis, M.L.A. for Souris, and head of the Manitoba Tories. He threw in his lot with the Liberals, "for the duration" and thus Manitoba is represented by a union government.

* * *

Perhaps the man who played the finest part of all at Ottawa was Hon. Adelard Godbout. He had every opportunity to kick over the traces. He had a dozen issues on which he could take exception. He could have turned the national spotlight on himself. Instead, in a carefully worded speech, he thought the Sirois idea good in principle, although he was not so sure of it in practice. However, he saw no insuperable difficulties, and he was sure that no province would try to trample on Quebec's rights. That was the implication if not the verbiage. Mr. Godbout increased his political stature by his moderation.

There is one feature which every man on the street talked about, but which apparently, in the sweet spirit of conciliation, no one in Ottawa cared to mention. That was that you rarely find a man so devoted to a cause that he will cheer for it, when it is going to put him out of business. There is no doubt that the Dominion government is seeking to cut out a lot of the duplications in taxation and administration which go on every day in Canada. When provincial governments stand on their own rights, say in such matters as inheritance taxes, one would think sometimes he was dealing with a foreign country. There is one man in Montreal, who to wind up an estate, tried to dispose of some registered British Columbia power bonds. But he found out that the attestations and swearings and other inter-provincial red tape would cost so much that after he sold the bonds, he bought them back rather than try to transfer the money—the 10 bonds were then only worth $20—from Victoria to Montreal. Such is provincial red tape.

It is therefore obvious that from the start, many of the provincial officials were in no mood to put themselves out of business, and to hand over their revenue to a central power. While the people of any province might well rejoice at less provincial government, the government officials themselves hardly share that view.

So we arrive at the pay-off. Hepburn has declared war on Ottawa. He has never come out in the open before, so flagrantly tooting his war trumpets. Ottawa in the past has smiled every time Hepburn popped off. This time Ottawa is not smiling. The echo of the Ontario delegation's retreating footsteps had scarcely died when Hon. J. L. Ilsley, Minister of Finance, grimly announced that the federal government was about to invade the provincial fiscal strongholds, for more money. He hinted that gasoline rationing was near. He is not so sure as to what he is going to do about liquor; he might nip off more revenue there too. Ottawa has just started to fight.

So the delegates depart, after a two day session. The three dissentient delegations may go home proud of their work. In this time of war, when conciliation rather than parish pump politics might have served better, it is doubtful if they will get out the flowers and bunting in Toronto, Edmonton and Victoria for the homecoming flops.

Meanwhile, watch Ottawa start to bear down.

Canada United in Determination to See War Through to Ultimate Victory

"It is a Patriotic Duty to Save and Lend to Government"—

says JOHN R. LAMB, President of

THE BANK OF TORONTO

The 85th Annual General Meeting of the Shareholders was held at the Head Office in Toronto on Wednesday, January 15th, when the President, John R. Lamb, and the General Manager, F.H. Marsh, addressed the shareholders.

THE PRESIDENT'S ADDRESS

Gentlemen—

The figures presented to you today disclose what we believe you will regard as a satisfactory statement of the Bank's position.

Net Profits are a little below last year.

Total deposits are slightly down due to Dominion Government balances being lower. Deposits by the public show an increase despite heavy withdrawals for investment in war loans.

I will leave it to the General Manager to make more detailed reference to the figures.

War Output Makes Headway

When we met a year ago, the war was new and the economic effort was merely taking shape. Since then the programme has advanced to first place in our national life. Gross production has increased by about 25 per cent, the year 1940 setting a new high record. Nearly all of the normally employable labor is now at work, and the reserves of people who ordinarily do not take part in production have already been drawn on to a slight degree. Most industrial plants are active. Greater war production must and will undoubtedly be achieved. This is one of the major problems.

The war is still far from being won. We are not safe from disaster. Indeed, it is only in recent months that there have been any compensations for the very heavy reverses suffered by Britain and her allies during the first nine months of the war. It would be the height of folly to ignore or under-estimate the task before us. Complacency is a dangerous Fifth Columnist in our midst. We must and will win the war but we can do so only by whole-hearted co-operation of all classes of the community guided and directed by able, efficient leadership.

In regard to efficient leadership in our war effort, may I take this opportunity of saying that the Dominion Government has been well advised in drafting Mr. H. J. Carmichael, Vice-President and General Manager of General Motors of Canada, Limited, and a Director of The Bank of Toronto, as assistant to Mr. H. R. MacMillan, Chairman of the Wartime Requirements Board. Mr. Carmichael, at great sacrifice to himself and his Company, has resigned from General Motors and will give his full time to organizing Canada's industry for a maximum war effort. It is heartening to all of us that Mr. Carmichael and other men of outstanding executive and organizing ability have accepted their Country's call to these key positions in the wartime mobilization of Canadian industry.

Nearly All industries Engaged

The influence of the war has extended to practically every phase of life in Canada. Economic forces have a vital part in the struggle. Industries have been drawn into a broad-scale development to fill our own needs as far as possible and to supplement Britain's output. There is no reason why even the present production levels should stop us and further employment and efficiency should enable us to greatly exceed them.

Steel is naturally the keystone, and in all its branches it is now working at capacity, with some plant extensions under way. War orders are on a large scale in textiles, electrical equipment and numerous other lines. Shipbuilding has been revived. Many concerns, including the railway equipment and automotive plants, have been wholly or partly converted to war purposes. Transportation is active, and nearly all electrical energy is being utilized.

Foodstuffs on the whole have not been in great demand. This is due to the blocking off, through hostilities, of large sectors of the world market, thus compelling the import areas to go short while the export areas have over-abundance. Our markets accordingly are narrowed. Britain has to be content with a rationed consumption, and her needs are filled from various sources, having regard for the necessity of maintaining mutual relations with many countries in order that her own goods may be exported. These conditions have prolonged, up to the present, some part of the agricultural depression that existed in previous years.

The wisdom of continuing farm output on the present scale is in some qaurters being questioned. The wheat outlook for the immediate future is rather a disquieting problem, but it should be remembered that when the war is won by us, the nationalistic extremes that have suppressed trade in recent times are likely to vanish. It is highly desirable, therefore, that we retain our capacity for exporting wheat and other farm products on a large scale. A liberal stock in trade is one of the best assets we can have, whatever may develop, provided that it is a low cost inventory and not a high-priced speculation.

The 1940 wheat crop was large, and elevators are now full. More temporary accommodation will probably be needed to provide for the next crop. Livestock markets are somewhat better, and this branch of agriculture is being extended. Dairy products have recently improved their position.

Lumber is in considerable demand principally for war purposes. Curtailment of supplies from Scandinavia has helped our pulp and paper industry, which once again is in an earning position.

Mine Production Makes New Record

Mining has advanced in importance. Canada's gold output is in the neighborhood of 200 million dollars a year which, being at once convertible into U. S. exchange, gives it an essential place in our economy, so that the output must be sustained, and, if possible, increased. The gold mines have not merely added to our growth in the past; they are a tower of strength in the present situation. Production of other metals has also increased, demand being stimulated by war requirements.

Incidentally, there is scarcely a Canadian industry that does not benefit from mining expenditures, and the various governments are deserving of credit for the encouragement and assistance that they have given and are giving to this important industry.

Development of Tourist Trade Essential

Another source of wealth that is particularly valuable at the present time is the tourist trade. The governments, tourist agencies, railways and business organizations are rendering splendid service to Canada in this connection, and the banks have also been giving valued co-operation. It is hoped that the tourists will be impressed with our country and with the courtesy and fair dealing of our citizens.

Foreign Trade Opportunities

The war has interfered with trade in many parts of the world. The American hemisphere is least affected, and all of its countries are interested in opportunities of mutual benefit. Canada has an active part in this movement, being in a position to increase its trade especially with the British West Indies and South America. It is regrettable that the recent Trade Mission under the Hon. J. A. MacKinnon, Minister of Trade and Commerce, had to be cancelled, but we hope it will be resumed in the near future. We need export business and have an opportunity to strengthen our position in these countries.

Wide employment in industry as a whole, with stable wages and prices, has maintained and even stimulated retail trade. Wage earners individually may spend less than formerly but there has been a great increase in the number of people employed. Government policy seeks to modify civilian consumption. Taxes, embargoes and other controls are being adopted for this purpose. Savings are needed for loan to the Government. Such measures have the effect of restricting normal consumption, thereby permitting a diversion of effort to war goods. This may mean a lowering of the average standard of living which will be a new experience for Canadians.

The Dominion Government has recently stressed these features and the necessity for governing ourselves accordingly must be apparent to any careful student of public affairs having in mind the eminently sound principles being applied in our economic programme, which seeks, as far as possible, to pay our way through taxes and savings and avoid inflation which always is disastrous and inflicts the heaviest penalties upon those least able to bear them.

Industrial Base Is Broadened

Compared to the last war, when our output comprised little more than primary products and limited manufacturers, Canada's material base for a war production programme has been widened to a remarkable degree. The development of new sources or new processes in minerals, cellulose, wool, tobacco, etc., provide a much greater foundation for finished goods than we ever had before, and in such an emergency as this we can be more self-contained in respect to our own needs, and at the same time we can be a large scale producer of ships, shells, tanks, airplanes and many other articles. Very few others have as broad a basis, and they are the leading industrial nations. We may well hope for such a place for Canada in the strengthened Empire and in the new world which should come out of this war.

In order to occupy this position, however, it is necessary that we be efficiently organized. Plants must be wisely located and sufficient earnings made annually available for purposes of maintenance, replacement and expansion. Labor must be varied in its character, fairly compensated, and reasonable in its attitude toward others. There must be experienced and capable management, supported by the kind of technical skill which, through finding the best products and the best methods for making them, keeps the door to success always open. Finally, we must have government which is adequate but not excessive, efficient but not bureaucratic, progressive but not radical. We have gone far enough to know that we can go farther, provided that we straighten out the kinks as we go along, avoiding on the one hand a slavish adherence to the past, and on the other hand the mirage of unworkable ideals.

Simplification in Government

An effort is now being made towards carrying out the recommendations of the Royal Commission which studied the powers and finances of our dual governments. A war situation may inspire a willingness to agree to measures which at other times would be merely controversial. We have suffered greatly from duplication and over-government. Whatever may come out of the new movement should be in the direction of simplicity and efficiency. There is a widespread need for economy which has been recognized by a great number of municipalities, resulting in an improvement in their finances. The Dominion and Provincial governments have been less careful. They cannot expect the citizen to economize to a greater degree than they are prepared to exercise themselves. There is an opportunity to effect governmental economies and eliminate waste and duplication that may never come again. We are fast approaching a general shortage of labour. Many of the younger men in civil service will be attracted by higher wages in business and industrial fields. This will enable many changes to be made without imposing any hardship on employees in reorganized departments of governments. Savings effected in the cost of Government would not only be a real war time service but would be of inestimable benefit when we face the inevitable and difficult readjustment period following the end of the war.

The Business of Banking

At a meeting such as this, which in its broadest sense represents the interests of proprietary shareholders, many hundreds of employees who will spend their entire working lives in banking, thousands of depositors who use the Bank as the medium for their personal and household financing, and all those business concerns which look to us for temporary borrowing needs, we cannot avoid some reflection as to what our status may be in the new world. If our democratic countries succeed in holding the fort against the destructive forces that are assailing us from within and from without, as succeed they will, we should have no fear concerning the individual's opportunities for prosperity and happiness, nor concerning this business of banking, which has been developed over the past century in Canada with considerable care and success. We want neither the red destroyer nor the black-shirted dictator. We want, instead, to rebuild our lives around the things that endure throughout the ages, friendly and helpful co-operation between capital and labor and the love of home and family that inspires thrift and security. Although political thought in recent years has been in a state of turmoil, the axioms of the past being abandoned while new ideals are but vaguely formed, I feel safe in saying that the great majority of people hope for a life in which the best features of individualism will inspire our actions, while the government remains as an arbiter which aims at justice without subversion.

We Canadians, along with other British peoples and their allies, are deriving great comfort and encouragement from the rising tide of sentiment and the material aid from the United States. The recent addresses of President Roosevelt visualize a combination of democratic ideals and democratic strength in which we are proud to have a place.

Must Co-operate to Win the War

Summing up, Canada's maximum contribution to the war can be achieved only by planning, directing and controlling her economy in such an efficient manner as to make the utmost use of her resources. Leaders in politics and business must work in co-operation. The public must prepare themselves for increasing sacrifice. The heroism with which our battles are being fought, the sufferings which are being endured by the people of Britain with confident enthusiasm and Christian fortitude, must be backed by our utmost moral and material support.

Our duty is clear. It calls for immediate and sustained action. We must see to it that we who can, do our full share in helping to provide the sinews of war through generous purchases of war bonds and war savings certificates. The dominating thought in our minds must be the winning of the War.

F. H. Marsh, General, Manager Nominated for Director

The President announced that the name of Mr. F. H. Marsh, General Manager of The Bank of Toronto, would be submitted for election as a Director.

GENERAL MANAGER'S ADDRESS

Mr. Chairman and Gentlemen,

I have the honour to place before you the 85th Annual Balance Sheet covering the Bank's operations for the year ending November 30th, 1940.

Profits

Our Net Profits are $1,294,549., and are $29,679. less than a year ago; this after amply providing for all known and anticipated contingencies, taking care of the usual contribution of $150,000. to Officers' Pension Fund and paying Dominion and Provincial taxes which were $237,700. in excess of last year. From this amount $250,000. was written off Bank Premises and the regular dividend of $600,000. paid, leaving a balance of $444,549, to add to Profit and Loss Account which now stands at $2,974,243.

Total Assets

Total Assets amount to $165,480,977, compared to $168,339,469. a year ago. Of the total, $105,637,655. or 71.68% of all liabilities to the public consists of cash, bank balances (including deposits with the Bank of Canada) and other assets readily convertible into cash.

Securities

Our portfolio of securities $77,983,291. shows a small increase of $893,000. for the year. Dominion and Provincial securities which mature within two years, are higher by $8,889,000. while other securities are down $7,996,000. Of the total 94% is in Dominion and high-grade Provincial and Municipal bonds of relatively short maturity. It will be satisfactory to you to know that our securities are carried at figures well within the present market value.

Call and Short Loans

These total $1,232,005, a reduction of $928,724., which reflects the quiet security markets.

Commercial Loans

$50,775,854, an increase of $3,666,528, as compared with a year ago and attributable in the main to the greater industrial activity presently prevailing and the abnormally large stock of wheat still in the country. We welcome opportunities to extend credit assistance to business, both large and small.

Municipal Loans

Loans in this category at $3,799,790, are down to the extent of $2,267,739. The improved financial position of municipalities in general as the result of reduced relief and other expenses and the better payment of taxes, has of course, been responsible for the lower municipal borrowings.

Bank Premises

$3,240,150. are down $143,615.

The appropriation of $250,000. for premises account enabled us to effect this reduction after providing for expenditures during the year.

Notes in Circulation

$3,427,259., a reduction of $170,245.

As from January 1st, 1941, the maximum to which we are permitted to circulate our notes was reduced to $3,900,000. and this latter amount will be decreased by $600,000. annually for the next four years to conform with the provisions of The Bank Act.

Deposits

$140,743,210. are $1,291,764. lower than a year ago.

Dominion Government deposits included in above total are $3,817,311., a reduction of $4,238,177. Under present conditions we can, of course, expect considerable fluctuation in this item.

Provincial Government deposits at $1,623,030. show an increase of $667,377.

Deposits by the Public $135,302,868. are the highest in our history and indicate an increase for the year of $2,279,036.

This is a most gratifying showing, having in mind that our depositors subscribed heavily to the two Dominion War Loans of last year.

Branches

During the year we opened two branches in Toronto, one at Avenue Road and St. Germain Ave., the other at St. Clair Avenue and Bathurst Street, and closed at Kennedy in Saskatchewan. We are now operating 172 branches.

Inspections

The usual inspection of all branches has been made during the year by our inspection staff, and the usual audit of cash, securities and loans at Head Office and main branches in Toronto, Montreal, Winnipeg and Vancouver has been made by the shareholders' auditors.

Staff

I wish to express the appreciation of myself and the other Executive Officers of the splendid assistance and co-operation received during the year from the men and women members of our staff numbering in all 1,234. Their good work has in large measure contributed to the satisfactory statement now in your hands.

I would also like to pay tribute to the 88 members presently on active service, and, as well, to the men who have offered their services and are now awaiting call. To those who have gone overseas, I am sure you will wish to join with me in extending all good wishes for their safe return.

In conclusion I feel sure that it is a source of satisfaction to you to know that your Bank is in a position to bear its share of the burdens imposed by the war as evidenced by the statement before you, and I can assure you that we stand ready and willing to render all possible assistance to our Country's efforts in maintaining that priceless freedom which is our natural heritage.

THE BANK OF TORONTO

Eighty-fifth Annual General Report

30th November, 1940

PROFIT AND LOSS ACCOUNT

Profits for the year ending 30th November, 1940, after providing $150,000.00 for Staff Pension Fund, $566,530.24 for Dominion and Provincial Taxes and making appropriations to contingent accounts out of which accounts full provision for bad and doubtful debts has been made	$1,294,549.88
Written off Bank Premises	250,000.00
	1,044,549.88
Dividends at the rate of 10% per annum on the par value ($100.) of the shares (This represents a disbursement of 3.33% on the shareholders' funds consisting of capital, rest and profit and loss account)	600,000.00
Balance of Profits carried forward	444,549.88
Profit and Loss Balance 30th November, 1939	2,529,694.02
Profit and Loss Balance 30th November, 1940	2,974,243.90

EIGHTY-FIFTH ANNUAL BALANCE SHEET
30th November, 1940

LIABILITIES

Notes in Circulation		$ 3,427,259.00
Deposits by and balances due to Dominion Government	$ 3,817,311.53	
Deposits by and balances due to Provincial Governments	1,623,030.97	
Deposits by the public not bearing interest	45,820,659.40	
Deposits by the public bearing interest, including interest accrued to date of statement	89,482,208.68	
		140,743,210.58
Deposits by and balances due to other chartered banks in Canada	154,987.09	
Deposits by and balances due to banks and banking correspondents in the United Kingdom and Foreign Countries	1,269,411.37	
		1,424,398.46
Acceptances and Letters of Credit outstanding		1,761,343.28
		147,356,211.32
Capital paid up	6,000,000.00	
Rest	9,000,000.00	
Dividends declared and unpaid	150,522.39	
Balance of profits as per Profit and Loss Account	2,974,243.90	
		18,124,766.29
		$165,480,977.61

ASSETS

Subsidiary coin held in Canada	$ 243,642.27	
Notes of Bank of Canada	3,633,858.00	
Deposits with Bank of Canada	13,017,779.54	
Notes of other chartered banks	119,150.00	
Government and bank notes other than Canadian	39,361.52	
Cheques on other banks	6,691,992.24	
Due by banks and banking correspondents elsewhere than in Canada	2,676,572.74	
		$ 26,422,359.31
Dominion and Provincial Government direct and guaranteed Securities maturing within two years, not exceeding market value	24,796,269.99	
Other Dominion and Provincial Government direct and guaranteed Securities, not exceeding market value	44,256,524.90	
Canadian Municipal Securities, not exceeding market value	5,138,860.23	
Other Bonds, Debentures and Stocks, not exceeding market value	3,791,636.00	
	77,983,291.12	
Call and Short (not exceeding thirty days) Loans in Canada on Stocks, Debentures, Bonds and other Securities, of a sufficient marketable value to cover	1,232,005.00	
		79,215,296.12
		105,637,655.43
Current Loans and Discounts in Canada, not otherwise included, estimated loss provided for	50,775,854.67	
Loans to cities, towns, municipalities and school districts	3,799,790.91	
Non-Current Loans, estimated loss provided for	65,216.84	
		54,640,862.42
		160,278,517.85
Liabilities of Customers under acceptances and Letters of Credit, as per contra		1,761,343.28
Mortgages on Real Estate sold by the Bank		13,559.88
Bank Premises, at not more than cost, less amounts written off		3,240,150.20
Deposit with the Minister of Finance for the security of the note circulation		187,406.40
		$165,480,977.61

JOHN R. LAMB, *President* — F. H. MARSH, *General Manager*

AUDITORS' REPORT TO THE SHAREHOLDERS

To the Shareholders of The Bank of Toronto:

We have examined the books and accounts of The Bank of Toronto at its Head Office and have been furnished with certified returns from the branches, and report that the above statement of liabilities and assets as at the 30th November, 1940, is in accordance therewith, and in our opinion discloses the true condition of the Bank. We have verified the cash and the securities representing the Bank's investments held at the Head Office at the close of the bank's fiscal year, and during the year we counted the cash and examined the securities at certain of the important branches. We have received all the information and explanations we have required, and all transactions of the Bank which have come under our notice have, in our opinion, been within the powers of the Bank.

G. T. CLARKSON, F.C.A.
of Clarkson, Gordon, Dilworth & Nash
W. D. GLENDINNING, F.C.A.
of Glendinning, Gray & Roberts

TORONTO, 20th December, 1940.

The Financial Times

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Devoted to the interests of the investing public in the belief that the confidence of capital is essential to the stability of finance, the prosperity of industry and the development of our resources.

MONTREAL, FRIDAY, JANUARY 17, 1941

Another Province Reports a Surplus

ON THE EVE of the conference at Ottawa on the Rowell-Sirois Commission's report, another province, New Brunswick, published a financial statement showing a surplus. And not only did the balance sheet show more than $500,000 on the right side, but the net debt of the province was reduced by more than $335,000—the result of confining capital expenditures to absolute essentials (works previously under construction, vital replacement and certain new works deemed necessary to protect existing provincial assets).

While the good showing reported by the Hon. J. J. Hayes Doone, the provincial secretary-treasurer, can be attributed in no small measure to the fact that revenues in 1940 were $1,827,000 larger than in 1939 — exceeding estimates by some $305,000 — a large part of the surplus still can be credited to a policy of economy. Retrenchment was in evidence in all departments with the single exception of agriculture, where the appropriation was overspent to the extent of only $7,000. Other departments and services showed savings on their appropriations and public debt costs were $65,000 less than the budget had provided.

Premier McNair in a statement accompanying the report not only refers to the "co-operation of all departments in efforts to control and curtail expenditures" but adds that "such retrenchment as has been made has been accepted by our people in a spirit of understanding which is truly commendable and for which the government is very grateful."

Further analysis of the figures, however, reveals that, while expenditures were less by $218,866 than were estimated for the year, they were $413,846 more than in the preceding year.

The necessity for reduction in expenditures by provincial and municipal governments is being urged from many quarters. It is highly important that, with revenues rising, those responsible for other than federal spending should realize that the country's tax-payers will be better able to meet the increased burden of federal taxation — required to pay for the war — if there are reductions by other spending bodies. This situation was emphasized by Morris W. Wilson at the annual meeting of the Royal Bank last week when he pointed out that definite tax reductions by provinces and municipalities would help "to cushion the effects of greatly increased federal taxation."

Looking ahead it is to be hoped that the New Brunswick ministers will maintain their policy of retrenchment in order to reduce expenditures and that the ministers in other provinces will likewise endeavour "to shape their financial policies to the one end of diverting every available public dollar to the task of winning the war.

Limiting Aid to the Farmers

THE warning sounded in this column last week against the dangers of a vicious circle of rising prices when once the government interferes with the law of supply and demand, would already appear to be justified. Following action to increase the price to be paid for butter, the federal Department of Agriculture apparently is prepared to increase the price to be paid cheese producers from 14.4c a pound to 15c a pound, with maintenance of the present bonuses for quality. This proposal was announced along with recommendations concerning butter, hogs and feed, by the minister, Hon. J. G. Gardiner, at an often-stormy, two-day conference with Ontario farmers and farm organization representatives at London a few days ago. And it is significant that the recommendations were not regarded as altogether satisfactory by the delegates who represented the United Farmers' Co-operative and other bodies.

It is interesting to note that the agricultural interests across Canada are not necessarily in accord in regard to the policy of forcing the government to continue the price fixing cycle which threatens to increase the cost of living, raise the level of wages and push up the prices of manufactured products — including those essential to the war effort. The *Winnipeg Free Press*, usually regarded as the voice of farming interests in Western Canada, suggests that the farmers should compare their position with that of urban industries and urban workers. And, in this connection, it is pointed that "they are in a very similar position to that of the salaried employees in the cities and towns, nearly a million in number, who are bearing not only the increase in living costs but also a drastic increase in federal taxation *from which the farmers are largely exempt.*" Continuing in this vein the *Free Press* says:

> "The profits of industry are much less than is supposed, when the federal taxes are paid. The government has eliminated war profits to a large extent, through the excess profits tax. It is being asked to lessen this tax, but is little likely to do so. And the government's policy in regard to wage increases is to recognize the increase in living costs, since these affect the workers' families particularly, and to seek to have any wage disputes adjusted on that basis. To this, the labour leaders have agreed."

It is pointed out by The Free Press, further, that, while the farmers are having their difficulties, they are receiving better prices for livestock and for dairy products than they were before the war, while they are getting more for their cattle, hogs and milk, with the prospect of a good market for these products throughout the war. It is emphasized that if one class after another tries to make gain and to improve its position the difficulties of the government already heavily loaded with responsibility will be greatly increased.

We can readily agree with *The Free Press* that it would be highly unfortunate if an attempt were made to capitalize the feeling among the farmers for political purposes. The Winnipeg paper sees some danger of this now in the East and declares that it could only lead to trouble and disunion in the country. This is only too true, but we are just wondering whether the objection from the West to government assistance to the dairy interests of the East may not be based on the idea that it might mean less assistance from the public treasury for the grain-growing farmers of the West.

Is Alberta Going Back to Barter?

WHENEVER, in the recurring cycles of prosperity and depression, the going becomes difficult, there are always those who, rather than increase their effort, propose to add a fifth wheel to the economic wagon or to remove one with the idea of getting along with three. Both the radicals, on the one hand, and the reactionaries, on the other, prefer change and experiment to the methods which have been proven to be best, in good times and bad, by many years of experience.

In Alberta, where, in common with the other prairie provinces, the government and the people faced the difficulties of a period of adjustment following a period of over-production and over-expansion, Mr. Aberhart offered an alluring economic program which he called "social credit," and which promised cash dividends for all, as well as an escape from the consequences of economic excesses and mistakes. But Mr. Aberhart, as prime minister, and his government, have failed to carry out their promises as radicals. Unable to find a short-cut to the goal of easier living, they have turned reactionary. From social credit they have turned to barter. From trying to add a fifth wheel to the wagon they are going to see if they can get along with three.

That is the conclusion to be reached from the proposal to expand the Treasury Branch system and adopt a scheme by which goods can be exchanged without the use of actual money. There is a long explanation of how this is to be done but it is no clearer or more convincing than the hocus-pocus that accompanied the promises of social credit dividends.

Barter is as old as trade. To return to it is to go back to the conditions of the stone age. Money was created to facilitate the exchange of commodities for other commodities or for services. Currency, adjusted by exchange, has been the basis of international trade and modern civilization. And now the Alberta Social Crediters propose to abolish the whole machinery of trade and finance and go back to barter. Apparently Mr. Aberhart is now seized of the idea that the people of the province can exchange the goods they now have for other goods—without meeting the obligations for goods purchased or services bought in the past for which both individuals and their government gave their solemn "promises to pay."

Roosevelt's Greatest Test

THE general consensus of opinion in the United States is that the Administration will have little trouble in obtaining from Congress—possibly with minor limitations agreed to in committee—the emergency powers that have been asked by the President. It is indicated, as a matter of fact, that there is little likelihood even of any untoward delay in placing the emergency law on the statute books; this on the theory that any member of Congress would be committing political suicide by conducting anything approaching a filibuster on this particular question.

Having been granted the emergency powers, however, Mr. Roosevelt will be faced with the problem of using them. The democratic "Allies" of the United States will, of course, derive immediate benefits from the transfer of ships, planes and equipment already in service that may be made by the U.S. authorities—something which the President is empowered to do under the terms of the emergency legislation. The big problem will be that of getting from the industrial community at large the co-operation in the defence effort of the country that is going to be demanded.

Mr. Roosevelt, whose popularity with the masses cannot be questioned in the light of his recent third-term election, and also in view of the manner in which he has swung a skeptical public opinion on foreign affairs around to his own particular viewpoint, is not exactly beloved and trusted by the industrial class in his country. He has not, in his domestic policies, courted the good wishes or support of the industrialist, but his ability to surmount obstacles to anything that he may undertake is proverbial and it is easy to imagine him thrilling to the prospect of a battle with his old foes on a new terrain.

He will, however, be fighting under an obvious disadvantage in this new campaign he is about to undertake. The use of plenary powers in a democracy must be handled with extreme care even under war conditions, as both United Kingdom and Canadian governments have found out. In a country which is still at peace—nominally at least—the effective use of such powers will be still more difficult. There are so many ways in which an antagonistic industrialist can upset the course of the defence program, without any deliberate intent being evident, that even the ingenuity and persistence of a Roosevelt will be taxed to the limit. Labour disputes will be inevitable—we here are still having all too many of them—and are hardly likely to be as easily settled as they have been in a Dominion at war.

Mr. Roosevelt, from all indications, is facing the greatest test in his career, and he has faced and passed a great many in his eight years of office since 1932. That he will come through this one successfully we do not doubt, but, before he does, he may have to convince the American people that even their non-belligerency should be abandoned.

Curt Comments on Current Events

Signor Mussolini has discovered the difference between getting into a hot spot and gaining a place in the sun.

* * * *

The *Tasviri Efkar* of Istanbul suggests that the United States should say less and do more — Turkey talks turkey.

* * * *

Generals must be worth about a dime a dozen in the Italian army if one may judge by the number captured so far by the British.

* * * *

A certain element in the U.S. has not, even yet, apparently, abandoned the idea that this whole thing is a show put on for their special benefit.

* * * *

Usually it will be found that the chap who groans loudest about the war-time increase in the income tax is the chap who is best able to pay.

* * * *

The conference at Ottawa this week on the Sirois report was something like the poker game which broke up because no one would ante without a guarantee that he would win the pot.

* * * *

The *Victoria Colonist* suggests that there are not enough votes in the West to shock the government out of its complacency.

Perhaps not—but that champion politician, Mr. King, has never indicated that *he* is aware of it; or else he has wasted a lot of headache pills.

That American Hoard of Gold

By L. M. WHITTINGTON,
Assistant Vice-President, The Cleveland Trust Company

THE American dollar is the soundest unit of currency in the world and its value is not questioned here at home or abroad, but there is popular concern about our monetary gold reserves. The Treasury now has title to the huge amount of 21 billion dollars of gold. The increase in the last six years and especially in the past year has been phenomenal, and we now hold the unprecedented proportion of three-quarters of the monetary gold stock of the world. The comment most frequently heard among those who are worried about our gold is that soon we will have all of the monetary gold and the rest of the world will find a way of getting along without using gold and leave us "holding the bag."

Our government has a serious and difficult gold problem to face sometime in the future when there is less world confusion and disorder and in the meantime we need very much to change some of our loose fiscal and monetary policies and powers by enacting new federal legislation. But there is no likelihood at all that some act by a foreign government will make the value of gold suddenly disappear while we are holding a stock of gold several times greater than any other nation has ever had.

* * *

When the dollar was devalued in January, 1934, we wrote up the value of our gold on the books of the Treasury by 69 per cent, or by nearly three billion dollars. By passing The Gold Reserve Act of 1934, Congress made the dollar, worth only one thirty-fifth of an ounce of gold instead of one-twentieth of an ounce, as it had been defined by statute for 97 years. An ounce of gold became worth $35 instead of $20.67.

Our gold standard was modified by this Act of Congress in 1934, but we are still on a restricted gold standard because our gold reserve is the backing for our money in circulation and our bank deposits.

Since the devaluation profit was taken in 1934 our monetary gold stocks have increased 14 billions, but the change in the price of gold in the United States to $35 an ounce is not in itself a complete explanation of the flow of gold to this country. It is not the dominant factor.

Of the increase of 17 billion dollars in our monetary gold stock since January, 1934, about four billions were of domestic origin. Three billions were devaluation profit, and one billion newly-mined gold. This leaves 13 billions that were imported from abroad. Of this amount about three billions came here to pay for our excess exports of merchandise. That is, the amount of goods we sold abroad was three billion dollars more than the amount we purchased abroad and the difference was settled by sending us gold. The remaining 10 billions of gold that came here represents a capital movement, partly our own money coming home but mostly an inflow of foreign funds, and this latter is the dominant factor in explaining the source of our greatly increased monetary gold stocks.

* * *

Foreigners have been sending their funds here for safekeeping because of the peace, stability, and security which this country enjoys, and they have also been building up bank balances that could be used for purchasing war materials. Since the start of the war a year ago the British Empire countries alone have shipped us three and a half billions in gold, and we will continue to get gold as long as the present status of the warring nations remains unchanged. A substantial part of the gold reserves of Belgium, Holland, and France was shipped to England before those countries were defeated by Germany, and England recently has been sending that gold here.

Since war-scared and war-ridden Europe and Asia have transferred their liquid capital to this country by sending us gold, we should remember to keep prepared to meet any withdrawals of our gold that they may make if world conditions should change sufficiently to make them want to transfer their funds back home.

The impression seems to be fairly general that there is a huge mass of gold in government hands which is outside our present economy, and could be used for any purpose from paying off government bonds to purchasing defense supplies or lending to foreign governments. This impression is not accurate for while title to all the gold held by the Treasury is vested in the United States, the government is the real owner, in the full sense of the word, of less than ten per cent of the gold it holds.

Ninety per cent of the gold in the Treasury is represented by the gold certificates held by the Federal Reserve Banks, and these gold certificates are the reserves behind the money in circulation and the deposits in our commercial banks. They belong to the nation's banking system, and while these reserves are much larger than they need be at the present time, they cannot be used for any other purpose. In the last analysis all but a small part of our gold belongs to the holders of currency and bank deposits. And since it is the reserve behind cash and check book money, it is not lying useless under the ground. Actually it does not matter where it is stored as long as it is the reserve for our monetary system.

The principal danger that we face as a result of our greatly increased gold holdings is that gold is normally the regulator by which credit expansion is limited, and at present it cannot perform that fuction.

A superabundance of gold and credit does not cause higher commodity prices, it merely permits them. Inflationary trends are not likely to develop until we have fully employed labor and plant capacity. Even with those conditions it might be possible for the government to control prices and wages and prevent them from rising. But it is doubtful if such control can be effectively administered and spread widely enough in our country to prevent general price increases if we have a business boom.

* * *

The control that the Board of Governors of the Federal Reserve system has over credit expansion is the power to increase the reserves that member banks must keep at the Federal Reserve Banks. But the member banks now have deposits or reserves in excess of the maximum amount that the board could require, and at present there are no effective limitations or controls that could prevent a large increase in bank credit.

The lesson of history is pretty clear that major wars produce a rise in the general price level. There have been no exceptions to this rule for at least two centuries, and it is a record which places the burden of proof on those who say it can now be prevented through the use of government controls.

The most detrimental development of the inflow of gold has been that it is largely responsible for lowering interest rates and raising highgrade bond prices to unprecedented levels. The owners that sell gold to the Treasury receive a bank deposit here in payment for it. Both bank deposits and excess reserves of the commercial banking system are increased by the amount of the gold. Thus gold coming to this country has piled up as idle bank deposits and excess bank reserves, and as they increased in large amounts pressure developed to put them to work. As a result interest rates were forced lower and lower, and high-grade bond prices higher and higher.

Large excess bank reserves and continued low money rates have created certain conditions and trends in our financial structure which cannot be viewed with complacency. They have brought about conditions that have reduced the income of banks and most other financial institutions. But probably the most detrimental effect has been that lower interest rates have greatly reduced the income of savings depositors, bondholders, life insurance policy holders, educational, charitable and other endowed institutions, as well as the incomes of others who live partly or wholly on accumulated savings.

* * *

In connection with the flow of gold to this country in recent

(Continued on page 9)

EDITORIAL FORUM

Children Protected

When, for three years out of ten, a city the size of Toronto can show a record of not a single death from diphtheria, no argument against the method of immunization in use can be very effective. Nothing could more clearly demonstrate the benefits of the toxoid inoculations which have been given to school children.

There is, strange to say, still a certain sentiment against such treatments. But, in the face of such fine concrete results, it is losing much of its power.—**Windsor Star.**

Waterways Warning

It is rumored that, in the course of the coming inter-provincial conference at Ottawa, the question of the canalization of the St. Lawrence will be raised. The Federal authorities, it would seem, desire to profit by the circumstance of the reunion of representatives of the nine provinces at Ottawa to set forth the main outlines of the waterways project which interests the whole of Canada. The members of the several provincial governments would be informed of the conditions under which this enterprise would be realized.

It is of supreme importance then, that all the aspects of the question shall be well considered, and we know that the Ministers of the Province of Quebec, before coming to any decision, will attentively study the problem in all its aspects, and from all angles, and that, in doing this, they will not lose sight of the vital interests of our province.—**Montreal La Presse.**

Every Cent

A Victoria woman gave the Rotary Club a platinum 39-diamond brooch valued at $2,000 which the club has put up to be raffled for the benefit of the Lord Mayor's fund. Tickets on it are being sold in most stores in Victoria, with the drawing set for January 16. Every cent received from the sale of the tickets, that is the gross income without qualification, will be cabled to London. The Rotary Club is bearing all expenses. The club will even prepay the cost of cabling the money, so there will not be one cent deducted from the gross. In the drive they are now making to sell tickets to realize the maximum possible from the brooch, Rotarians are performing a patriotic service, aiding a cause which appeals to the hearts of all Canadians. They are also giving an example of how a war charity should be conducted, with every cent going to the designated cause.—**Victoria Times.**

Mr. Hepburn's Helping Hand

Premier Hepburn's action in providing a home on one of his tenant farms for a refugee family from England will meet with approbation and admiration throughout the province. Mr. Hepburn has evinced a deep concern regarding the war and has expressed himself from time to time as anxious that nothing should interfere with the Dominion's war effort. In this the people of Ontario, of all parties and classes have been and are in line with him.

The plight of the English couple with their eleven children seems to have made an immediate appeal to Mr. Hepburn. Fortunately he found himself in a position to lend a helping hand and he did not hesitate a moment.

"Eleven mighty fine children with a chance to grow up into good Canadians," was a possibility that could not be disregarded in Premier Hepburn's opinion. Let us hope that the young Cooke's will justify his expectations.

The premier of the province has set a good example of the helping hand, an example worthy of emulation.—**Fort William Times-Journal.**

Tomorrow's Citizens

In certain wise countries of the Old World every boy is taught a trade; this even though he is destined to be a lawyer, a banker, or a physician. On this continent, on the contrary, too many of us are too apt to encourage the notion — this though we talk about our democracy—that there is something inferior about a trade; inferior about manual labour. Too many of us, sometimes perhaps with a parent's mistaken ambition and pride, want to have our sons and daughters have a "college education," and thereby, through this mistake, or perhaps through the vanity of wanting to "keep up with the Joneses," condemn them to a lack of training and incompetence for life. What the shape of the world will be like, politically and economically, when this war is over, none of us can say. What seems reasonably certain, if anything can seem certain, is that we shall go on with the machine age, with all that that will involve and demand, and that, therefore, the call will be for change in our approach to education, to the problem of training our youth. Life being what it is, democracy being what it is, with all of the future's challenge and uncertainty, few greater tasks confront us.—**Ottawa Journal.**

Inside Stories of the Street

HARD TO UNDERSTAND

The local Street was puzzled at the action in Canadian Car securities following the announcement that an award of as much as $6,000,000 had been made to the company in connection with what is called the German claim. Over the past few years, when there were reports of possible payment, Car common crossed $20 a share in prospect of the company getting the money, while the preferred went well into the 30's. When the announcement came through of the receipt of the money, with an intimation that there would be more coming, the common only got up about a point and a half, and found difficulty in holding the gain.

Some brokers incline to the view that the public has not learned yet that the company has the money, due to the fact that in the past there had been so many reports of a possible payment that the general run of traders had become sceptical about it ever happening. Under ordinary conditions it is felt that the amount of money received would enable the company to pay all the arrears of dividend on the preferred stock, and possibly consider an interim distribution on the common. Just what will be done under war conditions is more difficult to figure out, due to the enormous working capital the company needs. On the other hand it is felt that the common shareholders are the ones who enabled the company to tide through the long period of hardship, due to the fact that they took up new stock to pay off the bonds, and on this account are entitled to very special consideration.

OPPORTUNITY STAND-OUT

Brokers along the Street feel that Abitibi Pulp & Paper should be given a chance to work out its own problems. There is a feeling that the company has been in the liquidator's hands altogether too long. Also that many opportunities are being missed because the people interested in the properties have not had a real chance of taking advantage of the unusual conditions that have developed in the pulp and paper industry, as well as in the newsprint department. According to brokers the experience has been that the liquidator cannot run a property to proper advantage except during a limited period of reorganization. The feeling is that it takes the real owners and permanent management to work out a program that will help a property to get back on its feet. According to the general view on the Street there is no need of bothering with the capitalization of Abitibi at the present time, but rather to let it go ahead and see what the company can do under the improved conditions that prevail. It is recognized, however, that some provision has to be made for the arrears on the bonds, because these amount to such a large sum; but further than that it is felt there could not be any special advantage in cutting down either the preferred issues or reducing the common stock. The liquidator himself has made such a recommendation with a view of enabling the Company to swing back into real business, and get the results it should out of its various departments.

GOOD INVESTMENT DEMAND

While there has not been much demand in speculative trading brokers and investment houses report a keen investment demand for different issues that have been brought back from England, and are being marketed throughout Canada. They consider that one of the main factors in the success of the offerings is the fact that investors are getting a chance to pick up good securities on a better than a 5% basis, and are eager to secure them in view of the small returns that have been paid on different bond offerings over the last couple of years. The demand for different issues that have been offered has been so good it is felt there would be a further inquiry for other blocks of securities, and that a considerable amount of them will be taken up either by Canadian investment trusts or by investors anxious to improve the yield on their total holdings.

25 YEARS AGO

From the Files of The Financial Times

J. N. Greenshields, K.C., Montreal lawyer-financier, has been gazetted an honorary colonel of the 117th Battalion.

Henry Cockshutt, the widely-known Canadian implement manufacturer of Brantford, Ont., and Hugh Blain of Eby Blain Co., Toronto, are new directors of the National Life Assurance Company.

American Cyanamid preferred stock was traded in on Toronto Stock Exchange this week for the first time in two years, trading being done at 65½ which represents a five point advance from the last recorded transaction.

Captain H. F. C. Stikeman, appointed to the 148th Battalion, is a son of H. Stikeman, for many years general manager of the Bank of British North America. Previous to enlisting Captain Stikeman was in the service of the Bank of Montreal.

Lieut. Jackson Dodds, secretary of the Bank of British North America, who joined the Hon. Artillery Company when war broke out, after serving seven months in France with that regiment is now in charge of the Army Ordnance Department at the Rugeley Camp, Staffordshire.

Northern Ontario Light & Power Co., Ltd., of Canada has closed one of the best years in its five years of existence. For eleven months to November 30, the net profit was $307,942, after fixed charges, which means that the 6 per cent preferred stock dividend was earned more than twice. Net earnings have gained since October $5,000 monthly.

SCRAP BOOK

Sampson Was A Piker

Sign on a sales manager's wall: "Sampson was a piker! He killed only a thousand men with the jaw bone of an ass. Yet every hour in the day 10,000 sales are killed with the same weapon." — **London Life "Topics".**

Superstitions

It is absurd to think that "bad luck" can spring out of a mere combination of the 13th with Friday. Yet, thousands of people talk of the "baleful influence" of the coincidence.

It is all very silly and unscientific. No one pretends that good will and ill-fortune are non-existent, but usually what we call "bad luck" is traceable either to our own or to other people's mistakes, or arises from natural processes or influences however obscure these may seem to be.

The fact is, there is not one superstition in existence which can endure the light of reason. — **Halifax Mail**

Arithmetic Simplified

Arithmetic is now being made interesting to thousands of New York City elementary school pupils. Some of the boys learn fractions and decimals by keeping baseball averages. Many of them learn them by bringing the gas and electric bills from home and checking them in school. All pupils are given problems dealing with train and airplane timetables, radio programs, transatlantic flying schedules, grocery store bills, and fractional times in auto racing.

Twenty years ago the failures among elementary school pupils in arithmetic ran as high as 25% each year. Today not more than 5% are failures. — **Scribner's Commentator Magazine**

One Step Nearer

Goal of modern petroleum refiners—exact separation of all the hydrocarbon gases into their pure components — has been brought a step nearer by the recent development of azeotropic distillation. This laboratory method makes exact separation possible, for the first time, for certain hydrocarbons. Commercial application of the process is believed feasible.

The new method consists in adding a third substance to a mixture of two hydrocarbons with the same boiling points. When this is done the boiling points of both original substances are altered. They can then be separated easily by distillation. — **A. F. I. Bulletin**

Radio Aids Health in North

Radio plays an important part in bringing health services to Eskimos, Indians and others in remote sections of the eastern Arctic, according to Dr. John McCombe, chief medical officer, Canadian National Railways. From practically every Arctic post within radio call, messages are relayed to Pangnirtung, medical center for Baffin Island, Hudson Strait, a part of northern Quebec, where there is a well-equipped hospital, operated by the Anglican mission with government assistance. A similar institution is operated by the Roman Catholic mission at Chesterfield, which serves the vast area extending north from Churchill to Pelly Bay and eastward to Igloolik. — **Wall Street Journal.**

Silk Stockings

The silk stocking first appeared in the country about the middle of the Tudor period, and for some time later silk stockings were worn by few. Stowe tells us that "you shall understand that King Henry VIII did only wear cloth hose or hose cut out of ellbroad taffeta, unless, by great chance, there came a pair of silk stockings from Spain. King Edward I had a pair of silk stockings sent him as a great present."

On the last day of 1559 Queen Elizabeth's "silkwoman, Mistress Montague, brought her for her New Year's gift a pair of knit black silk stockings," with which, after wearing them for a few days, the Queen was so pleased that she asked where she could get more. Apparently that was the first pair of silk stockings knitted in this country.

But they were still a great luxury in the next reign, for we have James I begging the loan of a pair from one of his courtiers for a reception of a Spanish Ambassador, since "ye wad no that your King—suld appear a scrub on sic an occasion." For the present we must all be "scrubs" in the matter of silk hose and underwear. — **Manchester Guardian**

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HINTS TO INVESTORS

Consumers Gas

Would you kindly advise me as to the wisdom of switching from Consumers Gas stock. The dividends have been paid partly from reserve and I am apprehensive that recent government regulations may prohibit this in future. It appears that their costs, mainly for labour and imported coal, will continue to rise while earnings remain fixed. If a switch is desirable any suggestion would be welcomed. With many thanks for this as well as past advice.—M.R., Montreal

Under existing circumstances there are few industrial or public utility dividends that can be considered as safe. This applies to the 10 per cent disbursement on the capital stock of Consumers Gas Co. of Toronto—which incidentally, has been paid without interruption since 1874, a period of 66 years—but also applies to the dividend on a host of other stocks which heretofore have been looked upon as sound investment issues. The corollary is, therefore, that while there may be some apprehension regarding maintenance of your return on this security, it would not be an easy matter to find an advantageous vehicle for a switch at this time.

It is not quite correct to say that revenues of Consumers gas will remain fixed in a period of rising costs. It is true that last year costs increase more than offset a moderate expansion in revenues but the current year is likely to see a greater gain in revenues for the company engendered by widely increased employment and larger pay rolls due to war-time activity in industry. Most serious factor in net earnings will be taxation, effects of which were apparent in recently published report for the fiscal year ended September 30th last.

It seems fairly safe to assume, however, that Consumers' Gas cannot earn the full $10 a share dividend on its stock under existing conditions and with prevailing burden of taxation. Question of whether the company can continue to draw on its substantial reserves in order to maintain the $10 dividend rate is not quite clear. The government regulations to which you refer are in actuality a ruling made last year by the Foreign Exchange Control Board in Ottawa to the effect that companies with 10 per cent or more of their capital stock held outside of the country should not pay any portion of their dividend out of accumulated surplus. Whether this would affect Consumers Gas Co. we are not quite sure. At last account company had 92 per cent of its shareholders in Canada, which meant that only 8 per cent lived outside of the Dominion. It is quite conceivable, however, that percentage of outstanding shares held by the 8 per cent of non-resident shareholders may be somewhere in excess of the 10 per cent minimum provided for in the F.E.C.B. ruling. As a rule non-resident shareholders might be expected to have somewhat larger holdings than the run-of-mill resident shareholder.

There is a factor in the Consumers Gas situation which must be considered in connection with this question of dividends, which is that, by the terms of company's franchise with city of Toronto, it is permitted to apply for an increase in gas rates if it cannot earn its 10 per cent dividend and set aside adequate reserves for renewal of plant and buildings. Company has not been earning its full dividend and reserve requirements in recent years but has not applied for any increase in rates, having preferred to dip into surplus to the extent of the unearned portion of the dividend requirements. Now, however, with the new situation that has arisen, a change in policy may be necessary.

* * *

Winnipeg Electric Series "B"

I have been a reader of your paper for a number of years and would like a little information in regard to some coupons I have. These coupons were issued some years ago by the Winnipeg Electric Co. and covered a number of years. The ones I am now enquiring about now say "The Winnipeg Electric Co. will pay to the bearer on such day in the year 1941 as may be fixed by the company, but not later than June 30th therein, the amount of interest, if any, payable in respect of the year 1940 upon its general mortgage bonds, Series "B", No. BCC 3567 Coupon No. 6, No. BCC 3568 Coupon No. 6, No. BCC 3569 Coupon No. 6, subject to the effect of any exercise by the company of the right of retention thereof, as provided in the deed of trust and mortgage securing said bond, unless the said bond shall have previously been cancelled for redemption. The said interest is payable only out of the available income of the company as defined in the said deed of trust and mortgage and to the extent thereof up to the rate of four per cent per annum, etc. etc."

These coupons were issued in considerable numbers and cover many years, but the ones I refer to now are the three numbers above, all marked due in 1941 and to be paid between June 1st and June 30th, 1941. Kindly tell me if there is any certainty as to their payment, and if so, when. The same coupons were issued and marked for payment for a number of years following 1941.
M.D., Toronto

These Series "B" general mortgage bonds of Winnipeg Electric Co. were issued at beginning of 1936 at the time of the capital reorganization of that company and interest thereon has been earned, and paid, regularly since. As the terms of the bonds which you quote in your inquiry, would indicate, the issue is an income bond — that is interest is only payable if earned by the company for the period concerned.

Report of company for the year 1939 showed earnings available on the Series "B" bonds equal to 7.63 per cent, or nearly double the interest requirements of 4 per cent annually on the security. As from the beginning of 1942 the bond interest increases to 5 per cent annually but remains on an income basis until the beginning of 1947 when the 5 per cent interest rate becomes a fixed charge on the company.

Report of the company for year just ended has not yet been made public. It is impossible, therefore, to say with any degree of certainty that interest on the "B" bonds will be earned and paid. Monthly revenue statements issued by the company indicate that earnings for last year were on a reduced scale as compared with the preceding year. A factor in the reduced earnings, it is understood, was larger write-offs to depreciation which were made.

Although, as we have indicated, we cannot say there is any certainty of interest for 1940 being paid, we are willing to express an opinion that the 4 per cent annual interest requirements were fully covered as a result of the year's operations and will, accordingly, be paid to bondholders some time in June of this year. It is worthy of note that interest on the two issues of Winnipeg Electric general mortgage bonds is payable before computation of the excess profits tax. This is important in view of the effects of this war-time levy on net earnings of Canadian corporations today.

INQUIRIES from subscribers in regard to their investments and problems are invited. Answers are based upon information which THE FINANCIAL TIMES believes reliable, fair and unprejudiced, but beyond the exercise of care in securing such information, THE FINANCIAL TIMES cannot assume responsibility.

Inquiries must bear the signature and address of the writer in order to receive attention. Answers thought to be of public interest will be published. Stamped, addressed envelope or postage should accompany all inquiries.

* * *

Industrials — Oil Royalties

Please let us know what you think of switching 75 Canada Steamships and 100 shares of General Steel Wares into 3/40 shares paying 1.80 per share of Alberta Incomes No. 1 preferred royalty. — S.E.B., Napanee

The problem you propound is a somewhat ticklish one involving as it does the question of a switch of two entirely different types of investments.

Canada Steamships and General Steel Wares are both established organizations of outstanding importance in the transportation and industrial fields of Canada. It is true that each of the companies has had its troubles during the past 10 years and that prospects for dividends on their common shares, even today, are somewhat obscure. Companies are both enjoying active operations today and should continue to do so while war-time industrial activity lasts. The assumption is, therefore—even allowing for the effects on corporate earnings of widely increased taxation and other war measures — that the stocks should at least hold their own marketwise in the absence of any distinctly adverse war developments, and probably do better as the prospects for a British victory improve.

The oil royalty issue, on the other hand, would provide you with an immediate return on your investment and, if payments are maintained for a long enough period, might quite easily pay you back in dividends considerably more than you put into it. It must be remembered, of course, that oil wells are a wasting proposition and that, as a consequence, there is a distinct element of speculation in the shares of royalty companies. They are also subject to the hazards of marketing conditions in the crude oil industry and the prorating of output in the Turner Valley field of Alberta.

As we see it your problem in this connection boils down to a choice between industrial stocks, which you now hold, and future for which is relatively well defined and the oil issue which may pay you back much more in dividends than the two industrials are now worth on the market, but which, on the other hand, may conceivably "peter out" before it has paid you back nearly as much.

* * *

Jason Gold Mines

Would you please be so good as to review briefly for me the present position and prospects for Jason Gold Mines. I hold some of the shares.—G.T.G., Ottawa

Having resumed operations on the old Argosy property, Jason Gold Mines have now been in production for six months, since June 16, 1940. Total production in that period amounted to $396,433. During that time, the mill capacity has been raised from 80 tons to about 125 tons daily and the average mill recovery from June 16 to date has been approximately $18.00 per ton. Operating costs have not been excessive and an operating profit of between $9 and $10 per ton has been obtained.

The property is being developed, in old and new workings, down to the 600 ft. level. No definite estimate of ore reserves can be made at this stage of developments, but it is known that the 200 ft. level vein is protected at depth. This vein has given a considerable amount of high grade ore, with values up to $126 over widths to four feet. More high grade has been cut on the 221 ft. sub-level and values are good on the 400 ft. level as well as on the 600 ft. level where work has been resumed recently.

About 70% of the production has come from the 400 ft. level, but as developments are pushed in the other workings, the whole mine will gradually be made to contribute to the mill run.

Work at Jason has so far shown excellent results, and further developments during the current year are expected to further strengthen the mine picture and operating record.

* * *

MORE BELL SHARES ISSUED

Bell Telephone Co. of Canada advises that 1,218 shares of company's capital stock have been issued under the employees' stock plan forming part of the issue covered by resolution of the directors under date of May 22, 1940. Issued capital is 822,365 shares.

Industrial Acceptance

I shall appreciate it if you will let me have your opinion on present and future prospects of Industrial Acceptance Corporation. A friend has been holding some and rather thinks he should sell.—Banker, Fort William

Prospects for Industrial Acceptance Corp., as indicated by the recent reduction in the dividend on the "A" stock, appear to be somewhat obscure. Principal operations of the company comprise the financing of instalment purchases of automobiles, electrical appliances and other products that are largely marketed on the instalment system.

For the year 1939 company reported $3.24 a share earned after all charges on its outstanding "A" stock. This represented a moderate contraction from the 1938 earnings of $4.03 a share on the "A" stock but was considerably in excess of dividend requirements of $2 a share, for that year, on the issue. In submitting the 1939 report, the president stated that, with volume of company's business dependent primarily on the volume of the country's industrial and commercial payroll, and with the general increase in employment that was taking place, the outlook for current year was hopeful. Decline in earnings for 1939 was attributed to a decline in the dollar volume of business accruing from motor car sales during the year.

Reduction in the dividend rate on the "A" stock followed closely upon the bringing down by Finance Minister Ilsley of special regulations affecting imports of luxury goods and increasing excise tax on automobiles, radios and certain electrical appliances. It is to be assumed that these regulations, combined with the effects on buying of luxury goods of widely increased personal income taxes, will result in some greater or lesser diminution in the volume of motor car, radio, and electrical appliance sales and a consequent contraction in dollar business of Industrial Acceptance.

An offsetting factor to the threatened decline in business from these sources is the recent acquisition by the company of two financing organizations, one managing collection of accounts receivables for industrial companies and the other operating in the small loan field. In view, however, of the still predominant position of automobile financing in the company's operations, developments on that industry will supply the real clue to the early prospects for Industrial Acceptance.

On the question of a switch, the present market for the stock must be taken into consideration. At current levels of 16, the "A" stock is selling at little more than 50 per cent of its 1940 high and compares with a market of around 20 in September and October last. On the basis of the new dividend rate of $1 a share annually, the issue gives a yield today of 5½ per cent and, in view of company's recent earnings record there seems some reason to believe that despite the possibility of a considerable contraction in business, the $1 a share dividend can be earned and paid. There is always the possibility as a matter of fact that when the effects of the recent government regulations have been properly evaluated, the dividend may be fixed on a little higher scale than the $1 a year basis indicated by the latest distribution.

Investment Yields

(Compiled by Jones Heward & Co.)

COMMON STOCKS

	Price	Div.	Yield
Agnew Surpass	11	.80	7.27
Do. incl. extras		1.00	9.09
Asbestos	16½	.60	3.63
Do. incl. extras		1.20	7.27
Associated Breweries	15½	1.00	6.45
Do. incl. extras		1.35	8.70
Bell Telephone	158	8.00	5.06
British American Oil	18	1.00	5.55
B. C. Power 'A'	26	2.00	7.69
Building Products	15	.70	4.66
Do. incl. extras		.80	5.33
Can. & Dom. Sugar	26½	1.50	5.66
Canada Malting	38½	2.00	5.19
Do. incl. extras		2.50	6.49
Can. Northern Power	9	1.00	11.10
Canada Vinegars	8	.40	5.00
Canadian Bronze	37	1.50	4.05
Do. incl. extras		2.00	5.40
Canadian Cottons	100	6.00	6.00
Canadian Indus. "B"	206	7.00	3.3[illegible]
Crown Cork	30	2.00	6.66
Distillers Seagrams	26½	2.22	8.37
Dominion Bridge	26½	1.20	4.52
Dominion Glass	125	5.00	4.00
Dominion Textile	80	5.00	6.25
Electrolux	8	1.00	12.50
Fanny Farmer	27½	1.50	5.46
Do. incl. extras		1.75	6.36
Ford of Canada 'A'	15½	1.00	6.45
Goodyear Tire	79	2.50	3.16
Do. incl. extras		5.00	6.32
Imperial Oil	10¼	.50	4.87
Imperial Tobacco	13½	.40	2.96
Do. incl. extras		.62½	4.62
Ind. Acceptance 'A'	15½	1.00	6.4[illegible]
International Nickel	36½	2.00	5.47
Intl. Petroleum	15½	1.00	6.4[illegible]
Lang, J. A.	12	1.00	8.33
Laura Secord	11	.80	7.27
Loblaw Groceterias 'A'	27	1.00	3.70
Do. incl. extras		1.25	4.62
Montreal Power	23½	1.50	5.26
Montreal Tramways	50	6.00	12.00
Moore Corp.	47	2.00	4.2[illegible]
Do. incl. extras		2.60	5.53
National Breweries	27	2.00	7.40
National Steel Car	38	2.00	5.26
Noranda	57	4.00	7.01
Ogilvie Flour	21	1.00	4.76
Page Hersey	102	5.00	4.90
Do. incl. extras		5.50	5.39
Penmans	50	3.00	6.00
Quebec Power	13½	1.00	7.40
Royalite	21	1.00	4.76
St. Lawrence Flour	22	1.00	4.54
Do. incl. extras		1.50	6.81
Shawinigan	16½	.90	5.45
Southern Can. Power	10½	.80	7.61
Steel of Canada	69	1.75	2.53
Do. incl. arrears		3.75	5.43
Walker-G. & W.	44½	4.00	8.98

(a) Asked quotation.
(b) Bid quotation.

PREFERRED STOCKS

	Price	Div.	Yield
Agnew Surpass	107	7.00	6.54
Assoc. Breweries	110	7.00	6.36
Canada Cement	100	5.00	5.00
Can. Northern Power	96	7.00	7.2
Canadian Celanese	123	7.00	5.69
Do. incl. extras		8.16	6.63
Canadian Cottons	112	6.00	5.35
Dominion Coal	20	1.50	7.50
Dominion Glass	150	7.00	4.66
Dominion Tar	87	5.50	6.32
Dominion Textile	144	7.00	4.86
Gatineau Power	90	5.00	5.55
Goodyear Tire	53½	2.50	4.67
Howard Smith	100	6.00	6.00
Lake of the Woods	112½	7.00	6.2
McColl-Frontenac	98	6.00	6.12
Montreal Cottons	115b	7.00	6.08
National Breweries	39	1.75	4.48
Ogilvie Flour	150b	7.00	4.66
Ottawa Power	99a	5.00	5.0[illegible]
Saguenay Power	105	5.50	5.23
Sou. Canada Power	103	6.00	5.82
Steel of Canada	73	1.75	2.3[illegible]
Walker G. & W.	20	1.00	5.00
Inter. Power	89a	7.00	7.86

BANKS

	Price	Div.	Yield
Canadienne Nationale	147	8.00	5.44
Commerce	162	8.00	4.93
Dominion	198	10.00	5.05
Imperial	208	10.00	4.80
Montreal	191	8.00	4.18
Nova Scotia	234	12.00	4.22
Royal	165	8.00	4.84
Toronto	245	10.00	4.08

(a) Asked quotation. (b) Bid quotation.

* * *

Sherwin-Williams Preferred

The preferred stock of Sherwin-Williams Co. of Canada has been recommended to me as a good safe investment with a fairly high yield. Could you recommend this stock for an investor who does not depend on his investments for income? I am aware of the fact, of course, that a preferred stock is not a bond. — C.S.N., Montreal

At current market of around 112, which, after deducting dividend arrears of $5.25 a share indicates a value of above 106¾, Sherwin-Williams preferred provides an indicated yield of approximately 6½ per cent. On basis of company's recent record and prospects such a yield appears eminently generous and lends attraction to the stock as an investment of the type you are looking for.

Early clearing up of arrears was suggested by the president at the recent annual meeting when he expressed the hope that directors might soon be able to do something for common shareholders of the company.

Sherwin-Williams, which also controls the Canada Paint Co., Ltd., Martin Senour Co., International Varnish Co. and the Winnipeg Plate Glass Co., operates with its subsidiary plants in Montreal, Toronto, Winnipeg and Vancouver. Products of these plants comprise paints, varnishes, colors, stains, enamels, lacquers, lead products, chemicals, litharge, linseed oil, oil cake, dry colors, insecticides, cleaners, polishes, and Lin-x. To serve Dominion-wide market for company's products, warehouses are maintained in Halifax, Saint John, Charlottetown, Quebec, Rouyn, Ottawa, Kingston, Hamilton, Windsor, Fort William, Saskatoon, Regina, Moose Jaw, Calgary and Edmonton. Chief plant in Montreal is a self-contained unit comprising paint works, varnish works, and lacquer plant, linseed oil mill, a tin-can factory and a box works.

Company has no funded debt and capital consists of $3,460,000 outstanding of an authorized $4,000,000 of $100 par value, 7 per cent cumulative, non-callable preferred stock and 200,000 shares outstanding of an authorized 225,000 shares of no par value common stock. Dividends on the preferred stocks were paid regularly between October 1911 and January 1933, a period of over 21 years of uninterrupted distribution. Dividend was deferred in April 1933 and omitted until October 1934. Regular payments resumed January 1935 and paid without interruption since. Cash payments on account of arrears (paid in the form of an extra $1.75 quarterly in addition to the regular distribution on the same scale) commenced in April of last year and similar distributions were made in July and October and also in current month.

Company has built up and maintained an impressive balance sheet position. As at August 31st, 1940, earned surplus amounted to $4,447,-981, and, with current assets of $5,137,810 and current liabilities of $1,078,352, net working capital amounted to $4,059,458 and current ratio was nearly 5 to 1.

For the fiscal year ended August 31st, 1940, Sherwin-Williams reported net earnings, after all charges, of $538,921, which were equivalent to $15.57 a share on the outstanding preferred stock, and, after deducting preferred dividends, balance was equal to $1.48 a share on the common stock. This compared with net earnings of $510,181 for the preceding fiscal year, equal to $14.74 a share on the preferred stock, and, after preferred dividends, to $1.34 a share on the common. Gross profits for the last fiscal year at $1,051,486, were at the highest point in the company's history, comparing with $803,645 for the preceding year. Net results of course, were affected by widely increased federal taxation.

Intensive industrial activity involving material plant expansion and a substantial volume of residential building are factors contributing towards a continuation of earnings well in excess of dividend requirements on the preferred stock.

* * *

Sherritt-Gordon Mines

As a shareholder of Sherritt-Gordon Mines, I am naturally interested in the prospects for the company. Can you be of assistance to me in this connection? — E.C.A., Fort William

Sherritt Gordon has added very considerably to its ore reserves during the past year. Deep drilling undertaken has cut ore intersections at depths of 1,800 feet compared to the 950 ft. level, which has hitherto been considered the bottom development.

Altogether, Sherritt has had a very satisfactory year. Ore reserves, which were about 4,800,000 tons at the beginning of 1940 may have been increased in spite of the production of some 600,000 tons of ore during the year.

Current plans call for a deepening of the mine workings by the opening up of two new levels at 1,150 and 1,350 ft. and by pushing the main shaft down to 1,540 ft. Ore indications at depth, obtained during the past year are likely to be further explored during the current year. Higher profits and the very strong cash position enable the company to push exploration plans rapidly.

In spite of any new developments minewise, which may take place, it is not expected, however, that the company will increase its production of 1,750 tons per day. The smelting and refining facilities available to the company could possibly not accommodate any greater output and as Sherritt Gordon carries its production only to the concentrating stage no further increase is expected there.

Operating costs are comparatively low and the company is expected to show a very comfortable profit margin. Having earned about $59,-000 in 1939, the company should show at least more than this amount for the year just ended.

Reno Gold Mines

Please explain to me the reason for the close-down at Reno Gold Mines which has been announced.—F.A.B., Montreal

Due to the fact that the ore developed in the Motherlode vein has been mined out, Reno Gold Mines has decided to close its mill pending the development of sufficient ore in the Nugget vein and in lower sections of the Motherlode. This 140 ton mill has been closed down before, from June to October 1939, for similar reasons.

There are said to be encouraging signs that the Nugget vein may become a satisfactory producer in the future. The Motherlode vein has been one of the district's most productive deposits and hopes have been expressed that the lower sections of this vein may develop ore corresponding to the values obtained from the upper levels.

* * *

Sladen Malartic Mines

Kindly favor me with your views on the present situation regarding Sladen Malartic Mines and the outlook for the company.—C.G.B., Quebec

As most of the difficulties which Sladen Malartic has encountered in the past were occasioned by the low grade of the mill ore, it may safely be assumed that some substantial improvement will be made this year. This assumption is based on the discovery of a high grade orebody last summer between the No. 1 and No. 2 shafts which, after dilution is expected to yield an average of about $8.00 per ton.

The ore extensions from the National Malartic property on the 725 ft. level are being worked and drifted on at the present time and yield about $8.00 per ton. The important aspect of this discovery is in the great width of the ore, and drilling will be necessary to determine just how wide this deposit is. The length so far has been established at over 200 feet. Drilling in this area has previously indicated moderate values ranging from over $4.00 to over $9.00 per ton with widths ranging up to 51 ft.

All these indications would suggest that the mine picture at Sladen Malartic has improved very considerably during the past few months and we may expect that this improvement will soon make itself felt in operating results. Development work ahead is still extensive but it does seem as if Sladen Malartic had finally turned the corner towards more profitable operations.

Glorious winter conditions — deep snow — powdered by frequent falls — 125 miles of mapped trails to suit every type of skier. This is the famous Mt. Tremblant sector of the Laurentians —home of the Snow Eagle Ski School. Make this your winter vacation spot and *be sure of good skiing.* Ski tow, jump, trails, dog teams, skating, riding, tobogganing, too! Good cuisine, steam heat, low rates. Restricted clientele.

Write for folder.
F. H. WHEELER, *Mg. Dir.*
ST. JOVITE STATION, QUEBEC

That American Hoard of Gold

(Continued from Page 8)

months there has been concern about the future of gold. Comments have been made to the effect that soon we shall have nearly all the monetary gold in the world, and since some other nations have apparently devised satisfactory monetary systems that are completely divorced from gold, we may find ourselves with a large pile of yellow metal that no nation will ever again want. It is argued that we shall some time take a large loss on our stock of gold, and also that we may lose out in the foreign trade of the world if we refuse to change our monetary system and our practice of settling international trade balances with gold shipments.

Fears of any such disastrous developments are baseless, but it is true that we have more gold than we need and more than we want. After the war is over it will be necessary to face the problem of how some of our gold can be distributed to the other nations. They will very much need it in the period of reconstruction, and it will be greatly to our advantage to have the gold more widely distributed.

If the nations of the world ever have an international money standard on an extensive scale it will be a gold standard. The gold standard is the best standard with which the world has had experience during its thousands of years of monetary experimentation.

The only alternative to gold would be a complete regimentation of foreign trade by governments. It would mean reducing world trade to a primitive barter basis. Possibly in the disorganization resulting from the war, barter may be rather widely used for a while, but it is idle to talk of barter as a permanent substitute for gold. For example, Germany will not putter around for long with barter if and when she can get gold. As a part of the war propaganda a German official recently made a statement threatening to destroy the value of gold. About the same time one of the press associations published a dispatch saying that a meeting of German and Italian government economists had been called for the purpose of working on the problem of how these two governments could return to monetary systems fully based on gold when the war was over. After a few years of experience with inconvertible paper currencies, barter, import controls, and other substitutes, most countries will be as glad to return again to the gold standard, if it becomes possible for them to get enough gold to do so, as they were after the last war.

* * *

Gold does not lose its value because some countries are forced to use substitutes. Gold has all the necessary attributes of basic money. It is durable, does not deteriorate, can be easily manipulated, is divisable without loss and it has the property of scarcity in that its supply cannot suddenly be greatly increased. There is a basic universal desire for gold that has existed from time immemorial.

Gold performs two monetary functions. It serves as a specie base for our domestic monetary system, and it serves as the medium for settling international balances. Our major domestic gold problem is to refrain from creating a superstructure of credit on our excessive gold base during the time we hold such a large part of the monetary gold of the world. For the present we must continue to buy all gold offered at 35 dollars an ounce. Not to do so would greatly harm Great Britain in her war effort. Nothing much can be done about redistributing gold among the other countries until the outcome of the war is known. When peace comes the redistribution of gold will be one of the basic problems of reconstruction and restoration of normal trade.

Issue of Treasury Bills Sells Lower Yield Basis

Ottawa—Sale was announced this week by the Bank of Canada of $40,000,000 of Dominion of Canada Treasury bills due April 18. Average discount price of accepted bids was 99.84119 and average yield 0.631 per cent.

Last previous sale of bills two weeks ago brought a price of 99.83810 to yield 0.643 per cent.

Stock-Taking Time for the INVESTOR

THE FIRST OF ANOTHER YEAR — a year which promises to see many new conditions created by war — is a time for weighing past experiences and making plans for the future. And it is a time when Investors can well take stock of their holdings — consider them in the light of what has taken place and what may be in prospect.

The year just closing has been one of unexpected developments and drastic adjustments. The outlook as a new year opens is generally encouraging but marked by uncertainty created by war-time problems.

It is a time when careful consideration as to the investment of new funds and well-judged changes in securities held may well improve the investor's position as to security and capital appreciation and income as well as prevent losses.

Through its HINTS TO INVESTORS Department The Financial Times offers its subscribers an individual service in regard to the position of their holdings and advice as to changes and new purchases. This in addition to a comprehensive review and analysis of all important developments at home and abroad bearing on industrial, commercial and financial conditions and the investment markets.

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STEEL AND STOCKS NO LONGER GUIDES BUSINESS OUTLOOK

Further Expansion Can Be Expected Even Though Not "Forecast"

MARKET RISE DELAYED

Cleveland — Steel production and stock prices probably largely explain the conservative restraint with which most of the year-end reviews estimated the prospects for general business activity in 1941, says the mid-January business bulletin of the Cleveland Trust Company. "The argument involving steel production is that since rates of output have for many weeks been at virtually the full capacity of the industry no great expansion is possible, and that therefore not much increase in general business activity can be reasonably anticipated. There is a good deal of plausibility in this argument during a period like the present one when the heavy industries are more important factors in the business situation than they have been for more than a decade.

"Nevertheless most of such reasoning is likely to be fallacious. Probably it will prove to be true that a long-sustained volume of steel production at about these high levels cannot fail to induce expanding volumes of output from long lists of other heavy industries, and later on important increases in the flow of goods from the light industries making consumers goods. Considerable proportions of the recently produced steel have been going into the stocking up of plants which make machinery and implements, and they will soon be reappearing in the form of finished manufactured goods.

Stocks No Longer a Guide

Stock prices have for so many decades been considered by business men as constituting barometers of business activity that it is difficult for them to expect much expansion of industry and trade when stock market quotations persist in remaining in the doldrums as they have during recent months. The fact is that stock prices have lost their former attribute of acting as trustworthy indicators and forecasters of changes in business activity. That loss may not be long-lasting, but at present it is real.

"If stock prices had now the relationship to industrial production that they did have as recently as during 1935, 1936, and early 1937, the index of prices of 420 stocks compiled by the Standard Statistics Company would now be 100 points higher than it actually is. That means that stock prices would be on the average almost twice as high as they now are. Stock prices no longer forecast business expansion, but in the long run they are likely to be dragged upwards by it."

Bank Clearings

Bank clearings in Canada for the week ended January 8th, 1941, and comparisons with a year ago follow:

		1941 $	1940 $
1	Montreal	[illegible]2,726,561	73,669,793
2	Toronto	131,479,594	[illegible]2,627,408
3	Winnipeg	42,139,818	68,152,369
4	Vancouver	18,894,317	15,421,885
5	Ottawa	70,748,474	22,277,192
6	Hamilton	6,567,276	4,993,773
7	Quebec	5,958,166	4,423,122
8	London	3,271,152	2,246,089
10	Calgary	7,0[illegible]7,814	[illegible],407,550
11	Saint John	2,441,537	1,882,030
12	Victoria	1,991,022	1,565,610
14	Edmonton	[illegible]	4,955,96[illegible]
15	Brantford	1,117,147	986,367
16	Kingston	823,17[illegible]	589,613
17	Peterborough	[illegible]	[illegible]75,804
18	Windsor	3,858,867	2,691,564
22	Fort William	1,074,[illegible]	624,848
[illegible]	Sherbrooke	1,060,944	666,0[illegible]6
21	Kitchener	[illegible]	[illegible]
[illegible]	Moose Jaw	874,039	[illegible]6,751
30	New Westminster	682,57[illegible]	[illegible]0,687
24	Saskatoon	[illegible]	[illegible]
35	Moncton	[illegible]	[illegible]7,480
[illegible]	Chatham	[illegible]2,708	[illegible]62,850
42	Sarnia	[illegible]	462,348
[illegible]	Sudbury	1,046,479	1,917,[illegible]
131	Medicine Hat	244,643	[illegible]
609	Prince Albert	[illegible]	[illegible]
670	Lethbridge	639,739	[illegible]23,607
	Brandon	427,068	[illegible]
	30 cities	406,273,194	316,795,157

Mutual Life Reports Gain in New Business

Waterloo — Preliminary statement of Mutual Life Assurance Company of Canada for year ended December 31, 1940, shows new paid business in 1940, excluding annuities and revivals, at $45,615,065 compared with $45,527,652 in 1939. Business in force at end of year stood at $586,019,392 against $572,110,542. Total assets at December 31, 1940, are shown at $196,605,418 against $187,[illegible] at end of 1939. Surplus for year is shown at $4,603,568 against $4,765,187.

After special charges comprising increase in specific reserves for depreciation in value of investments of $366,166 and transfer to staff pension fund of $228,224, net transferred to surplus fund was $4,009,225.

Copper Price Fixing May Be Necessary in United States

New York.—A possible early need of price fixing in copper, in conjunction with the application of priorities, should the supply situation become still tighter than at present, is seen by Leon Henderson, in charge of the price stabilization division of the Defense Commission. Although believing that the establishment of priorities would not necessarily mean the simultaneous establishment of fixed prices in all instances, Mr. Henderson seems to be afraid that in the case of copper the establishment of priorities would almost certainly call for price fixing "if the industry is not sensible enough to restrain itself."

NEW HIGH POWER PRODUCTION

Ottawa. — Firm power produced for consumption in Canada reached a new high in November at 2,079,984,000 kilowatt hours as against 2,072,232,000 kw.h. for October. On a daily basis the increase was from 66,846,200 to 69,332,800 kw.h., or 4.3%. Deliveries of secondary power to electric boilers were light at 259,384,000 kw.h. as against 637,111,000 a year previous.

New Montreal Trust Co. Directors

ARTHUR CROSS

H. R. COCKFIELD

S. G. DOBSON

Announcement was made this by the Montreal Trust Co. of the election to the board of directors of Arthur Cross, president of Dominion Steel and Coal Corp., Ltd.; Sydney G. Dobson, general manager of the Royal Bank of Canada, and H. R. Cockfield, managing director of Cockfield, Brown & Co., Ltd.

ALBERTA TO TRY BARTER SYSTEM

Further Effort to Improve On the Established Economic System

Edmonton. — Evidently with the idea of exchanging products on a barter basis—without creating the "money" which creditors might demand in payment of debts—the Aberhart Social Credit government proposes the expansion of Alberta's Treasury Branch system. Acting Premier E. C. Manning explains the new feature being introduced as follows:

1. Existing transfer voucher deposits will automatically become cash deposits from a date to be announced later.

2. A new non-negotiable transfer voucher will be introduced for the transfer of "trade claims."

(Mr. Manning said the name "trade claims" was used merely to distinguish deposits made up of vouchers from those accruing through deposits of cash. The trade claims are those deposits made through vouchers and such depositors could not claim cash).

3. Trade claims will be claims on goods and services as between persons having accounts with the Treasury branches. They will not be claims on cash.

4. Persons may acquire trade claims for goods or for services or from Treasury branches for money. Such money received by the Treasury branches for trade claims will be available for obtaining goods which have to be brought into the province or which cannot be obtained for trade claims or barter.

5. Retail merchants accepting trade claims for their goods will be assured of satisfactory arrangements for the replacement of such goods.

6. Consumers obtaining goods from co-operating retail merchants with non-negotiable transfer vouchers will be entitled to a five per cent bonus in trade claims on the price of all such goods bearing the Alberta trade mark and on a like amount of other goods obtained with transfer vouchers in any month.

60 Years of Bell Service

Sixty years of Bell telephone service was marked by a series of advertisements published by the Bell Telephone Company of Canada during 1940. They drew attention to the achievements that changed the original Bell instrument into the modern streamlined telephone in six decades.

From the year 1880 when the telephone arrived down to the present, various stages of development in business facilities and social atmosphere were depicted the "copy" being based largely upon authentic material kept in the company's museum at Montreal.

The series concluded with an advertisement that frankly admitted "Everyone likes to be complimented and so do we" and included editorial congratulation from the editorial pages of many of Canada's leading newspapers. The final advertisement closed with the apt phrasing: "We all hope that we may continue to deserve the approval which has been so widely expressed."

Valuing Unlisted Stocks For Succession Duties

By H. D. CLAPPERTON,
In the Canadian Chartered Accountant

In valuing stocks for succession duty purposes no difficulty as a rule arises if these are listed. The market value is indicated by the stock exchange list if the stock is active. If the stock is inactive it is still, as a rule, possible to determine approximately the market value. If the stock is not listed and is not traded in, it is not easy to ascertain the value on which succession duty should be paid, particularly so is this the case when restrictions are placed on the transfer of the stock in question. Some governments confronted with the problem try to resolve it by methods which are more or less arbitrary.

In one jurisdiction it is provided that "The value of any security which is not listed or on which no price or quotation is obtainable is the value determined by the provincial treasurer and such value shall be deemed to be the value of such security and shall not be subject to review by any court notwithstanding anything contained in the Act." The Act does not lay down in what manner the provincial treasurer is to determine the value of the stock. Presumably, he will seek to determine the value according to the methods generally observed by stock analysts. He may, however, follow the method in use in the Province of Quebec which gives weight to balance sheet values as well as to earnings.

Some jurisdictions are willing to concede that the value of securities not publicly listed and not freely traded in is a matter on which opinion may reasonably differ. The Province of Quebec Succession Duty Act states that if the securities are not freely traded in resort is to be had to balance sheets and other sources of information to determine what is called their "real value." The words quoted are those of the writer. What "real value" is may be open to question—there are so many kinds of value that may be the real value; it depends on one's point of view and scale of values. For purposes of this article it is assumed that the value meant is what the stock analyst terms the intrinsic value. What is the intrinsic value of a stock? It is the value which is said to reside in the stock itself, apart from any value that the stock has to a particular owner, or in the case of a listed stock, the price for which the stock might be sold.

Possession Confers Benefits

Securities are acquired because it is assumed that their possession will confer some benefit on the owner. Some of the benefits are dividends, increase in capital value, freedom from taxation or control. The value of some of these benefits may be lessened somewhat because of taxation, restrictions placed on disposal of stock or other reasons. It is impossible to enumerate every factor that may have bearing on the value of a stock. It may be said, however, that as a rule the value of a stock is largely determined by its estimated future earning power. This is usually indicated by the earnings of the past.

It is sometimes contended that earning power is not the factor that determines value in the case of a company whose assets or the bulk of whose assets consist of readily realizable securities.

The stock of investment trusts is usually valued on the basis of liquidation value of the assets and the earnings ignored. This may be very well in the case of a company of the fixed investment type where the investor has power to withdraw. It is not apparent that this method of valuation, where the investor has no power of withdrawal, is the correct procedure. Where the investment trust is not of the fixed type and the shareholder is a minority shareholder, there seems no reason why a different method of valuation should be applied to that of other companies.

Assets like cash or those which can be immediately turned into cash are usually referred to as "Cash assets." When part of the assets of a company consist of cash assets it may be essential for valuation purposes to determine how far these are necessary to the existence of the business and, if deemed unnecessary, to exclude these from the assets. The earnings from these assets should also be excluded from earnings of the company. This exclusion from assets and earnings results from the idea that these assets could be declared as a dividend.

Exclude Non-recurring Profits

In valuing a stock on the basis of earning power, the earnings spoken of are, naturally, the normal earnings. Capital and non-recurring profits should be excluded. This is familiar ground to the accountant. The same considerations prevail and govern the ascertainment of earnings as would if the accountant were stating these for a prospectus.

The rate at which these earnings should be discounted is usually a fruitful topic for discussion. The business man who understands and is subject to the hazards of industry, will usually contend that 10% as a rule is practically the minimum rate for such an investment. The hazards of industry he has in mind are probably:

(1) Those which affect the particular company in production and sale of the commodity;

(2) Those which affect the industry of which the particular company is a part;

(3) Those arising from general economic and social conditions.

It is not necessary, however, to enlarge on the hazards of business; every investor has experienced them.

New inventions and the change in social habits have affected nearly all industries. Examples are to be seen on every hand and the process continues with unabated pace. It is interesting to turn to the stock exchange list of, say, fifteen years ago and see how many companies then regarded as first rate investments have fared. Many have been wound up and others still in existence are not nearly so highly regarded. The rate of mortality in business is very high.

The railroads are a good example of what can happen to an industry that at one time seemed secure, so secure in fact that some companies issued perpetual debenture stock. There is probably a lesson in this for testators who are founding trusts that will be of long duration. They should give to their trustees discretion as to investments. In one case the writer remembers, the only discretion given was to invest in the stock of a certain railroad which in the testator's lifetime was reckoned one of the blue chip investments.

Other Yardsticks of Value

In the hectic days of 1929 it was not unusual for stocks to sell at fifteen or sixteen times their most recent earnings. Only on the assumption that earning power could be largely increased, was the price justified. The unwisdom of using such a high multiple of earnings to reach a capital value has since been amply demonstrated.

There are other methods of arriving at the capital value of unlisted stock besides taking a multiple of the earnings. In the Province of Quebec the method adopted in valuing stock of an industrial concern is to ascertain the value of its net assets by appraisal and otherwise. Next, the average earnings for, say, the past five years are ascertained and these are capitalized on a six per cent basis. The two values thus attained are added together and divided by two. The result is the value of stock.

This method of valuation seeks to determine the good-will on the assumption that earnings in excess of 6% on the assets produce goodwill, if by goodwill super profits are understood. A little reflection will show that while this method develops goodwill, when it is a plus quantity or positive, yet, if fairly employed, it should equally develop minus or negative goodwill. So far as is known, the existence of negative goodwill has not been conceded. Yet it should logically exist, and just as there are plus and minus quantities there should also be positive and negative goodwill. At this point it will probably occur to the reader that what all this amounts to is that earnings are being capitalized and that the value of the net assets is adjusted to the capital value so ascertained and that this adjustment is called goodwill. If the earnings are less than 6% then the value of the net assets alone, ascertained by valuation, is taken. This divided by the approximate number of shares, if the capital consists of common stock alone, will give the value per share.

Arguments Lose Force

In these days when taxes absorb such a large proportion of the earnings of a company, 6% before taxes on the capital invested seems much too low. As it is only the amount after taxes that is available to shareholders, all the arguments that income tax is not a charge against profits lose their force when applied to the case of the holder of common stock. The taxes under our system of taxation are paid by the common stock holder.

When a company in Quebec has to pay out a minimum of 35% of its earnings by way of income taxes, less than 4% is left if earnings are assumed to be 6%. Such a company, if it had to pay 7% on a preferred stock issue and provide, perhaps, a sinking fund for bond redemption, would find difficulty in so doing.

Most of the valuation cases that have come before our courts have been unreported and, so far as known in the Province of Quebec when reported, no indication has been given of the formula employed to ascertain the value of the stock. One has to look as a rule to the United States for guidance. Most differences of opinion on the question of valuation seem to be settled amicably in England. The tax authorities, it is understood, are usually willing to accept a certificate from the secretary of the company stating the last price at which a sale took place unless there is any material change of circumstances.

There have been a considerable number of American cases on questions of valuation and these will be found, with appropriate comments, in the monumental work by Professor Bonbright on the valuation of property. The classic case cited by Professor Bonbright which illustrates the principles of valuation of an unlisted common stock is that of the Ford Motor Company. In 1919 certain minority stockholders were approached and asked to sell their stock to Henry Ford and his son. If the stockholders sold and the sale price was higher than the value of the stock at 1st March, 1913, owing to the taxation of capital gains, the vendor would have to pay income tax.

The significance of 1st March 1913 is that it is the basic date for income tax, just as our basic date is 1st January 1917. To determine the amount on which tax would be payable it became necessary therefore to ascertain the value of the stock of the Ford Motor Company at 1st March 1913. Taking advantage of existing procedure application was made on behalf of the purchasers to the Commissioner of Internal Revenue to fix the value of the stock at 1st March 1913. Following on this the value per share was fixed by the Commissioner at $9,489.34. It is interesting to note that in arriving at this value of $9,489.34 per share the earnings

(Continued on Page 12)

Canada Life Appointments

W. J. ADAMS, newly-appointed comptroller of the Canada Life Assurance Co.

D. M. ELLIS, who has been appointed assistant actuary of the Canada Life.

THE MUTUAL LIFE Assurance Company OF CANADA

Established 1869

71st Year of Public Service

Year 1940

Surplus Earned in 1940 (All for Policyholders)	$ 4,603,568
Total Payments in 1940 to Policyholders and Beneficiaries	$ 18,058,822
New Assurances Paid for in 1940 (Excluding Annuities and Revivals)	$ 45,615,065
Total Assurances in Force at End of Year	$586,019,392
Total Assets at End of Year	$196,605,418

Combined Profit and Loss and Surplus Account

Revenue Basis

For the Year Ending December 31, 1940

(Including Group Accident and Sickness Branch)

SURPLUS FUNDS at December 31, 1939, consisting of:			
General Investment Reserve	$ 2,500,000.00		
Free Surplus for Contingencies	6,317,498.49		
		$ 8,817,498.49	
INCOME			
Premiums for Assurance	$16,995,103.92		
Consideration for Annuities	1,000,864.61		
Interest, Dividends and Rents (after provision for possible future losses)	8,420,368.33		
Consideration for Settlement Annuities arising out of assurance policies	532,124.17		
Policy Proceeds, Dividends and Other Amounts left with the Company	4,027,907.03		
Net Profit on sale of Ledger Assets, and Foreign Exchange	101,923.84		
		$31,078,291.90	
EXPENDITURES			
Under Policy Contracts:			
Death and Disability Claims	$ 4,443,110.11		
Matured Endowments and Surrender Values	6,940,517.92		
Annuities	488,759.63		
Policy Proceeds, Dividends and Other Amounts withdrawn	2,818,168.46		
	$14,690,556.12		
Taxes and Licenses	396,197.64		
General Expenses	3,121,289.39		
Amount written off Home Office Premises	50,000.00		
R.E., S.A. and Mortgages written down	509,907.89		
	$18,767,951.04		
RESERVES			
Increase in Actuarial Reserves and Amounts left with the Company	7,706,772.41		
		$26,474,723.45	
SURPLUS EARNINGS FOR YEAR		$ 4,603,568.45	
SPECIAL CHARGES:			
Increase in Specific Reserves for Depreciation in Value of Investments	366,116.19		
Transferred to Staff Pension Fund	228,224.00		
		$ 594,340.19	
NET AMOUNT TRANSFERRED TO SURPLUS FUNDS			$ 4,009,228.26
Total			12,826,726.75
Deduct:			
Surplus Paid or Allotted to Policyholders			3,368,266.32
SURPLUS FUNDS at December 31, 1940, consisting of:			
General Investment Reserve		$ 2,500,000.00	
Free Surplus for Contingencies		6,958,460.43	
			$ 9,458,460.43

The 71st Annual Meeting of the Policyholders will be held on Thursday, February 6th, at 1.00 p.m. Standard Time at the Head Office, Waterloo, Ont.

R. O. McCULLOCH, *President* W. H. SOMERVILLE, *General Manager*

SEES DECLINE IN MONEY RATES AS JUST ABOUT OVER

But Any Hardening Tendency for Early Part of 1941 at Least, Likely Gradual

U.S. CONGRESS PLANS

New York — Congressional action in the current session is destined to have far-reaching effects on the capital market and interest rate structure, because that legislative body has before it two measures of profound importance, says Fitch Investors Service in its current Market and Business Forecast. First of these is the Federal Reserve program to apply the brakes on potential inflationary forces by extending control over excess reserves. The second is the 1941 Federal budget which affords a rather startling but realistic conception of the cost of girding for national defense.

The specific proposals sponsored by Chairman Eccles are worthy of consideration because they not only proceed to the fundamentals at issue, but also involve an alteration of the nation's financial mechanism and the residence of ultimate financial authority. With regard to the latter, the Eccles program envisages a centralization of power in the Federal Reserve System, in conttrast with the present diffusion of authority among the Reserve officials, the Treasury and the President. To achieve that end, it has been suggested that Congress rescind certain Presidential powers such as the discretionary right to devalue the dollar and the issuance of greenbacks. Similarly, there is recommended a repeal of the Treasury's monetization of foreign silver.

Really Basic Issue

Of course, the really basic issue is the problem created by an unduly enlarged credit base wherein lies the real threat of inflation. As a preventive measure, the program under review suggests that decisions on reserve requirements be vested in the Open Market Committee, rather than in the Board of Governors. Ordinarily, the Open Market Committee has a direct control over credit conditions and money rates, by virtue of its sale or purchase of Government securities in the open market as prevailing ease or stringency of money rates dictate. However, so tremendous has been the accumulation of idle capital that these expedients no longer suffice, hence, the necessity of more efficient control.

The basic approach to curbing the growth of idle reserves would, of course, be the suggested increase in deposit requirements of central reserve, reserve and country banks in the Federal Reserve System. Just how drastic this revision will be cannot yet be foretold, though it is clear that the Reserve authorities are fully aware of the implications involved. To tamper with the instruments of credit control, however, is always a delicate task, so that only moderate action will likely be undertaken at first. Similar procedure in 1936-1937 not only unsettled the bond market, but is generally credited with having precipitated the subsequent business recession.

Increased Demand for Funds

While the aforementioned measures approach the problem from the supply viewpoint, the demand for funds will play an increasingly important role in the year ahead. As the rearmament program gains momentum, commercial loans may be expected to extend their present upward trend, and doubtless the full impact on banking of the rising tempo of industry is yet to be registered. But of vastly greater importance is the record-breaking budget recently submitted to Congress. Calling for an elevation in the statutory debt limit from its present ceiling of $19,000,000 to approximately $65,000,000, this will entail substantial borrowing by the Treasury, thus attracting considerable idle capital, particularly if this debt is marketed outside the banking system.

To all appearances, the steady diminution in money rates and bond yields has about run its course, but on the other hand, any hardening of money rates, at least in the forepart of 1941, will probably be only a gradual process.

Bank of Montreal Appointments

C. G. DUNNING

WILLIAM McDONNELL

The Bank of Moureal announces the appointment of C. G. Dunning as superintendent for Alberta branches with headquarters at Calgary, and of William McDonnell as superintendent of British Columbia branches, stationed at Vancouver.

Mr. Dunning, who succeeds Mr. McDonnell at Calgary, has been manager of the bank's main office in Regina since 1934 and has spent all his life in the West. He comes of United Empire Loyalist stock and was born at Gladstone, Man., where his parents were pioneer settlers. He received his education at Manitoba public schools and at Wesley College, Winnipeg. After serving as manager at numerous branches in Saskatchewan and Alberta he was for two years inspector of branches in British Columbia and later became assistant superintendent of Saskatchewan branches at Regina. He held this post for five years and later was appointed to a similar post in Calgary, a position he held for one year prior to becoming manager of Regina main office six years ago.

Mr. McDonnell succeeds C. W. Chesterton at Vancouver; the latter, after holding the post since 1929, is shortly going on leave prior to retiring on pension. He (Mr. McDonnel) has been superintendent of branches in Alberta with headquarters at Calgary, a post which Mr. Chesterton held before him. Born and educated at Peterborough, Ont., he entered the service of the bank at Moncton in 1899 and after experience at several branches in Eastern Canada was transfererred to Winnipeg in 1906. A few years later he became accountant at Moose Jaw branch and after holding a similar post at Port Arthur for a time, returned as manager of Moose Jaw branch in 1912. After five years' service at Moose Jaw, he was made assistant manager of the bank's main office in Winnipeg, a post he held until 1923 when he was made inspector of branches in the Western Division. In this capacity he was in intimate touch with business activities throughout the three Prairie Provinces. After serving for some years as assistant superintendent of the Ontario Division, he was appointed superintendent of the Alberta Division in 1929.

Mr. Chesterton, whom Mr. McDonnell succeeds has completed forty-four years' service with the Bank of Montreal which he began at Rossland. During his long career he has seen service at numerous points in the West and has become a very well-known figure in Vancouver business circles.

Matthew Hunter, who has for the past six years been assistant manager of the bank's main office in Winnipeg, has been appointed manager of the Regina main office in succession to Mr. Dunning.

Presumption of Death

By "A BRANCH MANAGER"
In The Policy-Holder of Manchester.

The war will provide many new problems for life offices and will operate to intensify old problems, and it seems that the best any management can do is to deal thoughtfully with each eventuality as it occurs. One such eventuality which may affect any life office is a case where the life assured is stated to have died, and yet the customary proof in the shape of a death certificate is not forthcoming—instances, I mean, where even a coroner's certificate cannot be obtained.

One such case occurred a few years ago where a man who owned a valuable and profitable business, whose affairs were in excellent order and who had (so far as anyone could trace) no "entanglements" of any kind, left his business premises and proceeded to go home and never arrived. Neither the police nor any one else could find the slightest trace of this missing man, and for seven years his life policies were kept in force by a relative who, incidentally, likewise ran the business to great advantage for the dependents. At the end of that time an application was made to the court, and the death of the life assured was "presumed", whereupon the life office concerned was in a position to meet the claim to the satisfaction of all.

As a result of this case, I looked into several previous instances where "presumption of death" had been sought, and I could not discover any simple basis on which the requirements of the court could be stated, but at the same time I satisfied myself that there was a general tendency for the courts to accept the evidence wherever it was sufficiently comprehensive and not contradictory. The last point comes to mind because in one case someone came forward and said he had seen the "dead" person at a relatively recent date, and there being nothing to prove definitely that he was wrong, the whole argument fell to the ground. But where the investigation has been adequate and protracted — where an exhaustive search has been made, and where no suspicion arises that the man may be living somewhere else — the court will presume death.

Rare in Normal Times

It will be obvious that in normal times cases such as those described above are rare, and where they happen a life office is guided by its legal advisers in the procedure it adopts. But when a war occurs, the position is intensified there is the obvious case of a member of the armed forces who is reported "missing," and later no definite evidence is ever forthcoming as to the manner in which he met his death. The naval and military authorities can, in such a case, issue form of death certificate when they are satisfied that the man concerned is no longer alive, but whether or not a life office will accept this evidence depends on the circumstances of the case.

A sailor may be lost at sea, an airman can only too often disappear without trace and what may be a more frequent problem for life offices through the effects of bombing from the air is that civilians may vanish in a similarly terrible manner. In such cases life offices will not wait for the term of seven years to elapse, not only because the court would not support them if they adopted any such attitude, but because their directors will feel reasonably satisfied if the evidence shows that the policyholder in question lived at a certain house, and that the house was destroyed by a heavy bomb. Then, even when identification is impossible, and when the evidence of [illegible] merely a presumption, the claim will be paid at an early date.

Normal Requirements Go To Wall

It is, of course, always easier to handle a straightforward claim with all the papers appearing in a normal manner, but, on the other hand, there would be little interest in conducting our business if only the normal, smooth-running, case occurred. And where a claim arises out of the war, I am sure that every life office will take the view that normal requirements go to the wall compared with the primary duty of providing the life assurance protection for dependents in time of need, and that implies prompt and generous treatment in difficult circumstances.

Bank of Canada Statement

The statement of the Bank of Canada as of January 8, 1941 shows a gain of $10,054,875 in total assets, as against a week ago. This gain was due to an increase of $14,230,000 in Sterling and U.S. fund holdings, partly offset by a drop of $1,756,060 in investments and of $2,423,015 in other assets.

Total deposits were up $30,192,375, but there was a drop of $5,655,201 in circulation and of $14,482,297 in other liabilities.

Compared with a year ago, total assets have increased $103,502,825. Investments were $448,628,652 higher while other assets were correspondingly decreased.

There was a drop of $15,830,555 in total deposits.

	Jan. 8, 1941 $	Dec. 31, 1940 $	Ch'ge in week $	Ch'ge in year $
ASSETS—				
1. Reserve				
Gold coin bullion	....			225,715,505
Silver bullion ...				
Sterling and U.S. funds	52,665,278	38,429,278	+14,230,000	14,325,679
Other Gold Standard...				1,266
Total	52,665,278	38,429,278	14,230,000	240,142,451
2. Subsidiary Coin	599,264	598,311		508,899
4. Advances to Government, Chartered and Sav. Banks	....			....
6. Investments				
(a) Dom. and Prov. short term securities	444,777,594	448,439,972	3,662,378	273,357,432
(b) Other securities	129,226,506	127,323,188	1,906,318	75,271,220
Total	574,004,100	575,763,161	1,756,060	448,628,652
7. Bank Premises	1,703,272	1,703,272		79,976
8. All other assets	7,661,686	10,084,703	2,423,015	4,482,624
Total Assets	636,633,002	626,578,727	10,054,875	103,502,825
LIABILITIES—				
1. Capital paid up	5,000,000	5,000,000		
2. Rest Fund	2,449,756	[illegible]		546,242
3. Notes in circulation	354,293,920	359,949,121	5,655,201	130,075,571
4. Deposits				
(a) Dominion	33,315,657	10,672,950	[illegible]	[illegible]
(b) Provincial				
(c) Chartered Banks	227,082,567	217,738,[illegible]	9,344,279	12,106,763
(d) Other	7,927,299	[illegible]	1,587,593	5,733,791
Total Deposits	268,325,504	238,133,132	30,192,375	15,830,555
5. Liabilities				
6. All other liabilities	6,564,420	21,046,717	14,482,297	1,183,558
Total Liabilities	636,633,602	626,578,727	+10,054,875	+103,502,825

One-Year Limit On Fire Policies Dropped

Toronto—Announcement was made by Attorney-General Gordon Conant of an amendment to the Ontario Insurance Act, which will permit issuance of policies of fire insurance without term limitations. The amendment will become effective March 1.

Existing provisions limit the term of policies on mercantile and manufacturing risks to one year.

Mr. Conant said the one-year term was established early in the last century and "the reasons for the original enactment are now obscure. The restriction was peculiar to the provinces of Canada, in all but two of which it has now been eliminated."

The Attorney-General added: "The removal of this restriction in Ontario is in keeping with the Government's policy to avoid the regulation of business and interference with the right to contract. It is hoped and expected that manufacturers and merchants will find the cost of insurance reduced by the new arrangement."

Head Office Appointments Canada Life Assurance Co.

Toronto.—Announcement is made by The Canada Life Assurance Company of the following appointments in the Head Office staff.

W. J. Adams, formerly mathematician, has been appointed comptroller of the Company. Mr. Adams joined the Canada Life in November, 1925, and qualified for his Fellowship in the Actuarial Society in 1936.

D. M. Ellis, who becomes assistant actuary, was formerly mathematician. After graduating from Queens University with honors in 1928, he became associated with the company and won his Fellowship in the Actuarial Society in 1935.

G. G. Daly has been advanced to the post of chief underwriter. Mr. Daly joined the medical department of the company in November, 1920, and has been secretary of that division since December, 1931.

T. H. Gooch has been promoted to the post of assistant superintendent. He joined the company in September, 1924, and in May, 1936, became agency assistant. Some three years later he was appointed agency supervisor.

G. A. Walter, who becomes supervisor of field service, has been with the Canadian Life since March, 1935. In May, 1936, he became educational assistant and his appointment as educational supervisor followed in September, 1939.

Staff Appointments

The Bank of Nova Scotia

C. R. Tibert has been appointed an inspector for the Bank of Nova Scotia, and J. D. Lyness and A. Ridcout assistant inspectors.

I. C. Cooper is to be made assistant supervisor of staff.

W. Barclay goes to Port Alice as manager.

A. Bourgon has been appointed manager at St. Isidore de Prescott, Ont.

B. L. Dewey is going to Codette, Sask., as manager.

A. G. Edmison has been appointed manager at Yonge and Broadway, Toronto.

T. H. Miller goes to New Richmond, Que., as manager.

W. Walsh has been given the appointment of manager at Port Antonio, Ja.

J. H. MacDonald goes to Winnipeg as accountant.

ROYAL BANK OF CANADA

W. J. Laurie, formerly manager at Bladworth, Sask., of the Royal Bank of Canada, goes to Macklin, Sask., as manager.

S. C. H. Pilling, has been made manager at The Pas, Man.

J. J. Callanan, formerly at head office, has been appointed accountant at St. Catherine and McGill College, Montreal.

H. J. Clarke, formerly accountant at Laurier avenue, has been made accountant at Beaver Hall, Montreal.

E. O. Lacroix, formerly accountant at Park and Bernard, has been transferred to Place d'Armes, Montreal, as accountant.

H. J. B. Richard, formerly accountant at Upper Town, Sherbrooke, Que., has been appointed accountant at St. Johns, Que.

C. C. King, who has been manager at The Pas, Man., is retiring on pension.

New High Point in Foreign Trade Reached in November

Canada's external trade, excluding gold, reached a high point in November, aggregating $220,687,838 as against $215,435,662 in October and $183,051,577 in November 199. The balance of trade was favourable to the extent of $16,120,464 compared with an unfavourable balance in October of $1,851,042 and a favourable balance of $13,929,155 in November, 1939.

Domestic exports in November totalled $117,452,172 compared with $102,972,9407 in October and $97,163,176 in November. Imports were valued at $102,283,687 against $108,641,852 in October and $84,561,211 a year ago. Foreign exports were worth $951,979 against $3,818,403 in October and $1,327,190 in November 1939.

New Alliance Manager

FREDERICK J. FLANAGAN, who has been appointed manager for Canada of the Alliance Assurance Company Limited of London, Eng., and its subsidiary, the Westminster Fire Office, succeeding the late E. E. Kenyon.

YEAR OF PROGRESS FOR NATIONAL LIFE

Business in Force at End of 1940 at Peak Level and New Business Second Best

London. — Continued progress is reported by National Life Assurance Co. of Canada during 1940, with the gain in ordinary business of $1,444,785 being at the highest level, with one exception, since 1929 and the amount of $62,118,870 in ordinary business now in force at the highest point in the company's history.

H. Rupert Bain, president, reports satisfactory earnings during the year which were applied to strengthen still further the company's financial position. The unallotted surplus is $75,321.51. The excess of income over disbursements amounted to $651,060. The average net rate of interest earned on the net ledger assets of the Company was 4.35%. This interest rate remains unchanged from last year.

Expenses of operation were reduced for the fifth successive year. Mortality experience during 1940 showed an increase over the result of last year. To a limited extent, this increase was due to the effects of the war. Group insurance in force decreased during the year. The production of new ordinary business was slightly below the similar results for last year.

The directors' report shows total cash receipts at $2,301,617, while payments to beneficiaries, annuitants and policyholders totalled $987,425. Reserves were increased by $546,253 to a total of $12,879,472.

SUCCESS SIGNALS

GAIN IN FORCE During the year 1940, new settled business was maintained at a satisfactory level. As a result, the Company added $1,444,785 to the amount of ordinary business in force. This Total now stands at the highest point in Company history.

EXPENSE During 1940, total expenses of operation were reduced for the fifth successive year.

SURPLUS Earnings during the year were well maintained. These earnings were used to write down assets and to strengthen still further the security standing behind the Company's policy contracts.

ASSETS During the year, the total ledger assets of the Company increased to $13,062,974.93. This is the highest total in Company history.

The National Life Assurance Company of Canada

Home Office Toronto

Established 1897

Montreal Office: 1520 University Tower Bldg, Montreal, Que.

PRAIRIE WHEAT MARKETINGS

Winnipeg. — Wheat marketings in the three Prairie Provinces for the twenty weeks from August 1st to December 20th, as compared with the same period in 1939 were as follows, figures within brackets being those for 1939: Manitoba 37,030,921 (49,218,746); Saskatchewan 118,319,657 (202,375,955); Alberta 87,870,765 (109,508,628) bushels. For the twenty weeks ended December 20th, and the same period in 1939, 273,221,343 and 361,103,329 bushels were received from the farms.

Those Who Buy War Saving Certificates Are Trying to Do Their Bit

Canadian Quality Wheat

From "Agricultural and Industrial Progress in Canada"

Canadian wheat continues to stand highest in international competition. For the third consecutive time at the International Grain and Hay Show of the International Live Stock Exposition at Chicago, held from November 30 to December 7, Francis Lloyd Rigby, 22 years old of Wembley, Alberta, has won the championship award. This is the fourteenth time the award has gone to Alberta. In 30 consecutive years the championship has been won 26 times by Canadian wheat.

Mr. Rigby's win further establishes Wembley's fame as a wheat growing area. Mr. Herman Trelle, a neighbour of the Rigby family, won the award in 1930, 1931 and 1932. By winning three consecutive times Mr. Trelle became, as has Mr. Rigby, ineligible to compete for three years. In 1936 Mr. Trelle again won the championship

The championship award for oats went to another Canadian youth, Paul Francis Pawlowski of Vilna, Alberta. The oats championship was won for Canada in 1938 by Mr. Rigby's elder brother, Justyn, and this is the third consecutive year that the oats championship award has gone to Alberta. This year's winner is still in his teens and one of a family of seven children. At the Junior District Agricultural Fair of their area, which is about 100 miles northeast of Edmonton, Paul and a sister won grand aggregates for boys and girls. These prizes carry scholarships at the Provincial School of Agriculture at Vermilion. But, as only one member of a family may receive such a scholarship and as his sister was the elder, Paul stayed at home. His championship Victory oats at Chicago weighed 49.9 pounds to the bushel.

The championship for barley this year also went to a Canadian, P. P. Trowell of Saltcoats, Saskatchewan. His sample of Haanchen, two-rowed variety, weighed 55.4 pounds to the bushel.

Mr. Rigby's wheat sample, as on the previous two occasions, was of the Reward variety. This year's sample weighed 67.7 pounds to the bushel. Reward wheat is the product of the Central Experimental Farm, Ottawa, where, in 1911, a cross was made between Marquis and the early maturing variety, Prelude. In 1928 it was released for trial by growers.

The youthful "Wheat King", who is a student in agriculture at the University of Alberta, Edmonton, started his grain growing successes as a member of the local club of the Canadian Boys' and Girls' Farm Clubs.

World wheat champions since 1911 are as follows:

1911	Seager Wheeler	Saskatchewan, Can
1912	Henry Holmes	Alberta, Canada
1913	Paul Gerlach	Saskatchewan, Can
1914	Seager Wheeler	Saskatchewan, Can
1915	do	Saskatchewan, Can
1916	do	Saskatchewan, Can
1917	Sam Larcombe	Manitoba, Canada
1918	Seager Wheeler	Saskatchewan, Can
1919	J. C. Mitchell	Saskatchewan, Can
1920	do	Saskatchewan, Can.
1921	G. W. Kraft	Montana, U.S.A.
1922	R. O. Wyler	Saskatchewan, Can
1923	Major H. G. L. Strange	Alberta, Canada
1924	J. C. Mitchell	Saskatchewan, Can
1925	L. P. Yates	Montana, U.S.A
1926	Herman Trelle	Alberta, Canada
1927	C. Edson Smith	Montana, U.S.A
1928	do	Montana, U.S.A
1929	Jos H. B. Smith	Alberta, Canada
1930	Herman Trelle	Alberta, Canada
1931	do	Alberta, Canada
1932	do	Alberta, Canada
1933	Frank Isackson	Saskatchewan, Can
1934	John B. Allsop	Alberta, Canada
1935	W. Frelan Wilford	Alberta, Canada
1936	Herman Trelle	Alberta, Canada
1937	Gordon Gibson	British Columbia, Canada
1938	F. Lloyd Rigby	Alberta, Canada
1939	do	Alberta, Canada
1940	do	Alberta, Canada

IT IS EASIER TO PLAN FOR TO-DAY WHEN YOU HAVE PLANNED FOR TOMORROW

SUN LIFE assures security OF CANADA
HEAD OFFICE · MONTREAL

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CANADA · CUBA · TRINIDAD · PUERTO RICO · JAMAICA · COLOMBIA · CURACAO · GUATEMALA · DOMINICAN REPUBLIC · BRITISH HONDURAS · CANAL ZONE · WINDWARD ISLANDS

UNITED KINGDOM · NEWFOUNDLAND · CHINA · HAWAII · NEW YORK STATE · MEXICO · BERMUDA · SAN SALVADOR · HONGKONG · STRAITS SETTLEMENTS · EGYPT · LEEWARD ISLANDS

Confederation Life Reports Another Good Year

The forthcoming annual report shows that sound stewardship, traditional with Confederation Life for 69 years, has been fully maintained during 1940.

Largest gain in insurance in force in last five years.
Mortality below average of past 10 years.
Lowest expense rate in the last 10 years.
Interest earned on invested assets 4.46%.

1939		1940
$431,478,374	Insurance in Force	$445,087,729
130,301,125	Assets	135,686,105
48,601,501	New Business	49,390,099
2,650,892	Surplus earned	2,554,991
8,930,179	Total Surplus	8,657,891
13,512,920	Premium Income (excluding Single Premiums)	13,919,018

STRENGTH • SERVICE • SECURITY

Since 1871

CONFEDERATION LIFE ASSOCIATION
ONE OF THE WORLD'S GREAT LIFE INSURANCE INSTITUTIONS

WHEAT OF WEST MAY YET PROVE VALUABLE ASSET

Latest Figures Indicate 1940 Crop Not So Big As Estimated

MAY BE STORAGE LOSSES

Special Correspondence

Winnipeg — With a flush crop and only greatly inadequate storage facilities available, the tendency in the West is to over-estimate the volume of the grain. This appears to have been the case during the recent harvest period and the succeeding weeks when the railways were in distress in their efforts to relieve the over-taxed elevators. At any rate the Searle Grain Co. here now estimates the western crop at 484,000,000 bushels, as compared with 520,000,000, the revised estimate of the Dominion Bureau of Statistics. The estimate in Alberta particularly, was ascribed to be much larger than the facts warranted.

However, as the Searle Grain Co. points out the existing surplus is an asset rather than a liability in the war effort. "No wars were ever lost because of an abundance of wheat," it declared, "whereas wars have been lost in the past because of a scarcity of wheat."

The cash price for Canadian wheat, at 74 cents, while considerably higher than the Argentine price, was still lower than the price needed to pay costs of production and to provide farmers with an adequate standard of living, the company asserts.

Damage to Stored Grain

During the past week reports have been coming in from a number of rural points of damage to stored wheat by mites. In some of the innumerable annexes constructed during the past year to relieve the congestion the ventilation is defective. The smaller elevator bins particularly are subject to damage in this connection.

One thing is certain, the coming agricultural conferences in the West will have to give considerable thought to the present grain glut. Many authorities are now urging that the solution is to be found in more land being put into pasture crops but it is not apparent now where the products of these proposed pastures are going to find their market.

At this time of year seed stocks are being computed, and it appears that the West has no particular worries of this character. There is now an abundance of rust-resistant wheat seed available and more government certified seed than usual. In fact that astute body of farmers who specialize on producing fine seed to market at premium prices is now concerned over the prospect of much good seeding passing into the ordinary commercial channels because farmers will be unwilling to pay a premium for seed under present wheat prospects.

Would Raise Processing Tax

A suggestion that the processing tax on the milling of wheat be increased from 15 to 50 cents per bushel to give farmers a greater return on their crop, was made by J. G. Diefenbaker, K.C., Saskatchewan M.P. in Winnipeg last week. The extra 35 cents, Mr. Diefenbaker indicated, should in some way be returned to the farmer. The increase would raise the price of bread one cent a loaf, he said.

In British Columbia an experiment has been in progress which has unusual significance for the precarious farming conditions which prevail in the West. Dehydration of grass which has been going on in Britain for several years as a means of saving the hay crop from the wet weather, is now being carried out in the Fraser Valley. From Sumas the wonderful harvest of British Columbia dehydrated grass is being shipped all over Canada.

The specially designed harvesting machine used is intricate and complicated. A long shed in the middle of the fields houses the plant. At one end of the shed sweet tender young grass is chopped fine before being fed into the enormous revolving ovens which run the whole length of the shed where it is dried for three minutes.

From the heat-revolving ovens the leaves are carried on to a further process from which they emerge in the form of fine green powder, very bright emerald green, proving the chlorophyll is still present. This ingredient gives color to milk and eggs, and animals fed on dehydrated grass feeds have the same high standard of value all the year round instead of formerly only in the spring from the young grass.

Ottawa Talks Of New Leader For Conservatives

(Continued from Page 1)

ists also point out that by the time the war is over, MacPherson will be crowding 60. The Tories want a younger man.

The new strategy is to get a soldier. Just for example, Denton Massey, M.P. for Toronto Greenwood, might do. His handicap so far has been his extreme handsomeness, and his Bible class. His fellow members presented him with a ribbon rosette when he was selected by Mrs. George Black and Agnes Macphail as the handsomest man in the Commons a couple of years back. Usually they pin such items on prize bulls, and Massey got a lot of kidding. But in uniform, with five more years experience, with some of his pristine beauty weathered a bit, he could make a good fight at any convention. He would just about capture all the women delegates' votes.

The Conservatives also have other men in uniform they might use. The present strategy as outlined is to wait till the war is over. Then they will look over all those who are Tories and who had a good war record in this war. When they have selected what they think is the best bet, they will go to work on him, and groom him for the job.

Meanwhile, R. B. Hanson still carries on at Ottawa, and seems destined to be there for a while yet.

AT THE LOOKOUT

(Continued from Page 1)

finances, "anything deemed necessary for war purposes can be done under the War Measures Act."

Maintenance Allowance Is Urged by Banker

The seriousness of the task of winning the war was also referred to by John R. Lamb, president of the Bank of Toronto, at the bank's annual meeting this week, when he declared that "the war is still far from being won," that "we are not safe from disaster" and "that it would be the height of folly to ignore or underestimate the task before us." Mr. Lamb described complacency as a dangerous Fifth Columnist in our midst. In order to attain maximum effort he emphasized that we should be efficiently organized; not only should industrial plants be wisely located but he urged that sufficient earnings be made annually available for purposes of maintenance, replacement and expansion. He continued:

"Labor must be varied in its character, fairly compensated, and reasonable in its attitude toward others. There must be experienced and capable management, supported by the kind of technical skill which, through finding the best products and the best methods for making them, keeps the door to success always open. Finally, we must have government which is adequate but not excessive, efficient but not bureaucratic, progressive but not radical."

Period of Readjustment Should Be Anticipated

At the annual meeting of the Provincial Bank of Canada, Charles A. Roy, the president, warned that wartime industrial expansion did not represent real prosperity; it was merely the effort of the country to help win the war. This should be kept in mind, he said, "because present conditions will not go on indefinitely; there will be an end, and, concurrently, some readjustments will take place that may prove a hardship to many people." He urged careful management of public affairs, sound financial policies and the practice of economy by all who are employed who are enjoying an income. These requisites, he added, "are the need of the present and constitute a cushion for the future."

Economic Trend Up First Week of Year

The weekly index of the Dominion Bureau of Statistics based on six economic factors, was 107.7 in the week of January 4, against 107.3 in the preceding week, a gain of 0.4 p.c. The standing one year ago was 109.0, a decline of 1.2 p.c. having been indicated.

The railway traffic movement recorded a gain over the same week one year ago, car loadings numbering 43,132, compared with 38,858. The index adjusted for seasonal tendencies receded, however, from the preceding week, the index dropping from 95.8 to 89.5. Car loadings recorded considerable advance in 1940 over the preceding year. The traffic amounted to 2,813,000 cars against 2,549,000 in 1939, a gain of 263,000 cars.

A minor advance was shown in wholesale prices in the first week of the year, the index advancing from 84.2 to 84.3. Increases were shown in crop products and non-metallic minerals, while declines predominated in mineral products and chemicals. The sensitive index covering 18 price series showed an advance from 65.9 in the week of December 27 to 66.5 in the week of January 8. Increases were shown both in manufacturing materials and in foods.

An increase was shown in bond prices during the week ended January 2. An advancing trend was shown throughout the year just ended, counteracting in part the sharp reaction during September 1939. The index of prices of 95 common stocks rose from 76.3 to 77.5. The adjusted index of bank clearings rose from 99.4 in the week of December 28 to 102.3 in the week of January 4. The standing was somewhat below the level of the same week one year ago.

Record Movement Of Canal Traffic

With a reduction in grain traffic, but a substantial increase in iron ore and coal, total freight using the locks of the Sault Ste. Marie canals during the 1940 season of navigation amounted to 89,858,413 tons. This tonnage exceeded any previous year since 1929 when the total was 92,622,017 tons. The 1939 tonnage was 69,849,304. Iron ore down bound amounted to 66,177,996 tons compared with 46,785,484, and soft coal up bound increased from 8,824,919 tons to 10,142,127, while wheat declined from 250,431,184 bushels to 224,220,368.

A new record was established on the Welland Ship Canal during 1940 when 12,909,697 tons of freight used the locks. This was 1,182,044 tons or 9.5 per cent higher than the 1939 tonnage, and 280,543 tons above the previous record made in 1938. This record was made despite a light movement of wheat which dropped from 2,696,804 tons in 1939 to 1,818,111 tons. Soft coal, petroleum and other oils, corn, iron, pig, and bloom, coke and sand, gravel and stone were some of the leading increases.

With a very light movement of grain, wood pulp and gasoline, total traffic on the St. Lawrence canals declined to 7,479,617 tons in 1940 from 8,340,165 in 1939. Corn increased by 282,869 tons, but all other grains showed large decreases. Petroleum and other oils, iron and steel, hard coal, soft coal and sand and gravel showed increases.

U. S. Steel Output At All-Time High

Steel operations in the United States for the week beginning January 13 are scheduled at 98.5 per cent of ingot capacity against 97.2 per cent in the previous week, an increase of 1.3 points or 1.3 per cent, according to the American Iron and Steel Institute. A month ago the indicated rate was 96.8 per cent, which was a gain of .8 point or .8 per cent over the preceding week.

This rate is the highest in percentage since the institute began issuing figures on operations in 1933. The tonnage establishes a record high.

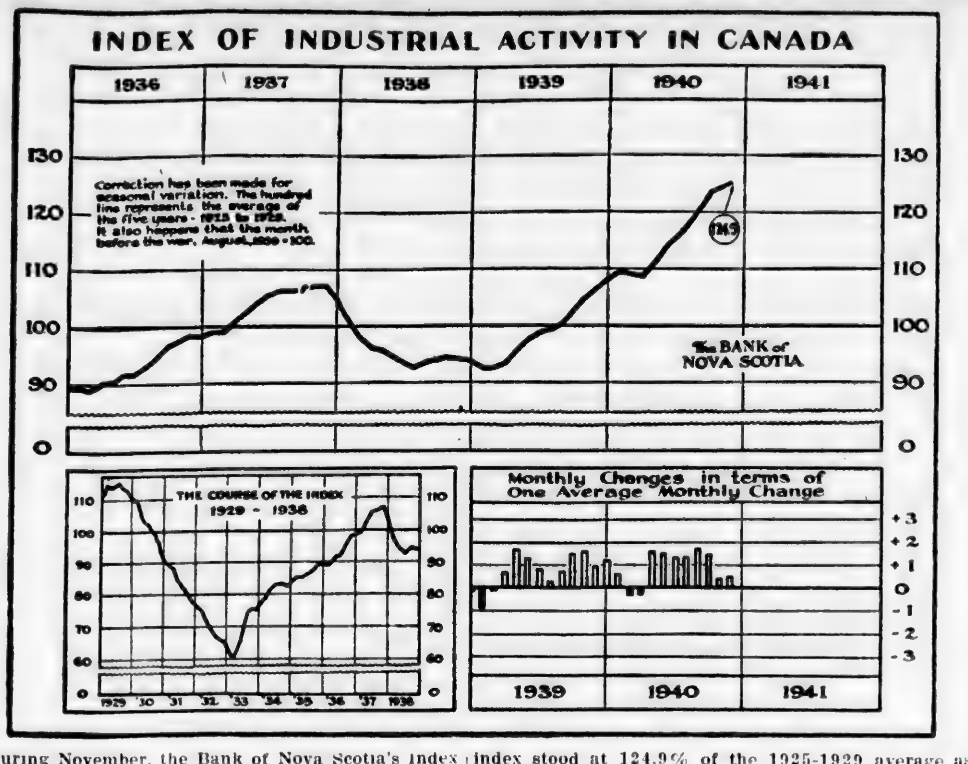
Industrial Production In the United States

January industrial production is estimated at 133 (Federal Reserve Board index), down three points from the revised figure for December, according to Standard Statistics. This would be the first decline as compared with the previous month since last April. The durable goods industries, with activity estimated at 156, four points under the revised figure for December and about 21 points above that for last January, will continue to record a more favourable year-to-year comparison than the non-durable goods lines. The intermediate outlook remains virtually unchanged. Durable goods production will not expand materially until new plants are in operation, and operations in many non-durable goods industries which should benefit importantly from the defence program are about as high as they can efficiently go.

Royalite Oil Company Is Classed as a Public Utility

Holding Royalite Oil Company's system of gas lines was a public utility, G. M. Blackstock, chairman of the Alberta Board of Public Utilities, has ordered the company to supply adequate gas for drilling of three wells in the north end of Turner Valley by Ace Royalties, Limited, and Major Oils. In December, he ordered delivery of the gas, but the supply was shut off last week, throwing about 60 men out of work. Royalite representatives stated the gas was turned off from Ace Royalties, drilling one well, and Major Oils, drilling two, because supplies to Calgary were being endangered. It also protested it was not a public utility, so was not subject to rulings of the Board under the pipeline act.

Mr. Blackstock found Royalite pipelines were "common carriers" under the pipeline act, so the firm was obliged to distribute gas. "If Royalite appeals, and appeal court rules it is not a public utility, I must rescind my orders. The companies must keep that in mind," he stated.



During November, the Bank of Nova Scotia's index of Industrial Activity in Canada continued the upward movement which has now been unbroken for eight months though, as in October, the rate of increase was less pronounced than in earlier months. The index stood at 124.9% of the 1925-1929 average as compared with 124.0% in October, and 106.4% in November, 1939. While all three of the component indices gained ground, the only sizeable increase was in industrial carloadings.

Valuing Unlisted Stocks For Succession Duties

(Continued from page 10.)

assumed were capitalized on a 10% basis.

Average of Actual Earnings

The assumed earnings were the average of the actual earnings for 1912 and an assumed figure for 1913 based on the actual earning for the months of January and February 1913.

The reported earnings of the company were:

1906	$ 175,000.00
1907	1,001,000.00
1908	1,168,000.00
1909	3,176,000.00
1910	4,145,000.00
1911	7,541,000.00
1912	14,119,000.00
1913	26,651,000.00
1914	26,341,000.00
1915	38,199,000.00
1916	54,606,000.00
1917	29,726,000.00
1918	56,513,000.00

The number of shares of capital stock was 20,000.

In 1925 the United States treasury department reviewed the assessment and decided that the value of the shares of the Ford Motor Company at 1st March 1913 was not $9,489.43 per share, but $2,634.00 per share, and that further tax was payable. In the face of the objections received, the department revised its figure and increased the value per share to $3 547.84. This last figure was arrived at by taking the average annual earnings for the period from 1st January 1909 to 28th February 1913. From this was deducted 8% on the net tangible assets. The remainder was capitalized at 15% and added to the value of the tangible assets. Dividing this figure by 20,000—the number of shares—gave the figure of $3,547.84.

Opinion of Board

On the appeal of one of the taxpayers the question of value came before the board of tax appeals who determined that the value of the shares was $10,000 per share. In rendering their opinion the board stated:

"The problem of valuation of the common stock of a closely owned manufacturing corporation has not yet been developed so far that any particular method of reasoning in respect of it is authoritative or any particular class of persons may be recognized as experts.

"Primarily the earnings are the test of success of the past and the indication of the future. The other statistics of production, sales, etc., and the description of the management and its methods and plans serve to give depth and perspective to the earnings. Such other facts help to indicate the safety with which the earnings may be relied upon as indicating a normal or healthy condition. They are significant not of their own weight or force but only in their relation to earnings.

"We are of opinion that the fair market price of the stock owned by this petitioner in the Ford Motor Company on 1st March 1913 was at the rate of $10,000 per share. While we have not arrived at this value by the application of any mathematical formula, because we believe there is no authoritative formula available, we have given careful consideration to the several methods suggested in the course of the trial and have not been unmindful of the aid to be derived from the use of such tests."

One Problem Solved

One problem affecting the valuation of the stock of unlisted companies seems to have been solved. Until within a year or two ago it was a serious question whether, when the by-laws of a private company gave the other shareholders a right of pre-emption at a fixed price, that the fixed price was the value of the stock. The question came before the courts on various occasions and the judges were practically equally divided. Not until the Crossman case reached the House of Lords could the question be said to be settled. By a majority decision in that case it seems to have been decided that the right of pre-emption does not limit the value of the stock.

As has been said, it is impossible to enumerate all the factors that have a bearing on the valuation of a stock in particular cases. Obviously some will be of greater importance than others and only the experience of the accountant will enable him to decide the relative importance of each. One factor which is present as a rule, and in most valuation cases assumes the greatest importance, is the earnings factor. The ascertainment of the normal earning power as a factor, and its proper employment when derived, is peculiarly the domain of the accountant. It is with that factor that this article has sought mainly to deal.

Canadian Business Index

FINANCIAL—D.B.S.	1940	1939	Change %
Bank Debits—November	$3,049,322,007	$2,930,345,000	+ 4.0
Total Eleven Months	31,222,126,902	28,560,485,250	+ 8.9
Chartered Banks at November 30—			
Demand Deposits	962,492,339	865,786,256	+ 11.3
Savings Deposits	1,625,878,423	1,734,837,368	— 6.2
Current Loans	1,021,276,282	972,784,147	+ 5.0
EXTERNAL TRADE—D.B.S.	1940 $	1939 $	
Imports—October	108,644,852	79,053,266	+ 38.5
Domestic Exports—October	102,972,407	90,432,856	+ 13.9
Favorable Balance	—5,672,445	+11,379,590	
Exports—November	118,408,587	98,490,366	+ 20.4
Imports—November	102,284,000	84,561,000	+ 17.5
BUSINESS CONDITIONS—10 MONTHS—D.B.S.			
Index of Physical Volume of Business 1926—100	143.5	120.2	+ 19.4
Index of Industrial Production 1926—100	151.1	123.1	+ 22.7
Wholesale Prices 1926—100	82.7	74.3	+ 11.3
Capitalized Bond Yields, Dominion 1926—100	137.9	144.6	— 4.6
Production and General Business—			
Mineral Production 1926—100	240.2	213.5	+ 12.5
Gold Receipts Fine Ozs.	4,093,833	4,042,650	+ 1.3
Silver Shipments Fine Ozs.	17,425,669	18,130,319	— 3.9
Coal Production Tons	13,864,345	12,449,814	+ 11.4
Manufacturing Production 1926—100	144.7	115.3	+ 25.5
Flour Production (9 mos.) Bbls.	11,717,847	11,237,113	+ 4.3
Sugar Manufactured Lbs.	712,519,894	662,803,108	+ 7.5
Cattle Slaughterings No.	1,339,574	1,313,810	+ 2.0
Hog Slaughterings No.	4,094,794	2,747,733	+ 49.0
Cigarettes released No.	6,310,136,641	5,980,875,494	+ 5.5
Cigars released No.	131,582,041	103,511,928	+ 27.1
Leather Boots and Shoes (9 m.) Prs.	17,198,738	16,026,146	+ 7.3
Raw Cotton Consumption Lbs.	158,881,558	98,861,584	+ 60.7
Newsprint Production Tons	2,883,562	2,339,884	+ 23.2
Exports of Planks and Boards M. ft.	2,029,857	1,823,970	+ 11.3
Steel Ingot Production Long Tons	1,649,639	1,087,583	+ 51.7
Pig Iron Production Long Tons	948,841	573,740	+ 65.4
Automobile Production No.	175,999	121,694	+ 44.6
Petroleum Imports 000 Gals.	1,239,104	1,099,020	+ 12.7
Crude Rubber Imports Lbs.	86,140,318	60,631,009	+ 42.7
Contracts Awarded $	274,110,000	165,010,000	+ 66.1
Building Permits $	66,268,702	49,539,913	+ 33.8
Electric Power Prod. 000 K.W.H.	24,971,047	23,213,736	+ 7.6
External Trade—			
Exports $	976,102,781	735,458,619	+ 32.7
Imports $	877,364,556	594,384,985	+ 47.6
Excess of exports over imports $	98,738,225	141,073,634	
November Comparisons—			
Physical Volume of Business 1926—100	[illegible]	133.0	
Sugar manufactured Lb.	174,045,529	146,317,261	+ 19.0
Cheese, factory production Lb.	5,959,608	5,136,546	+ 16.0
Butter, creamery production Lb.	15,006,629	15,396,069	— 2.6
Cotton consumption Lb.	16,236,970	15,978,183	+ 1.6
Newsprint production Tons	282,344	288,726	2.2
Planks and boards exported M. ft.	231,532	138,924	+ 71.2
Shingles exported Squares	163,766	256,233	45.0
Carloadings No.	259,208	248,328	+ 4.5
Canned salmon exports Cwt.	20,569	76,589	77.0
Contracts awarded $	54,981,900	12,739,300	+ 33.0
Coal Output Tons	1,822,563	1,740,879	+ 4.7
Coke Output Tons	258,000	229,000	+ 12.7
EMPLOYMENT—11 MONTHS' AVERAGE UNADJUSTED—			
General Index 1926—100	122.8	114.1	+ 8.6
Manufacturing	130.1	111.4	+ 16.8
Logging	154.4	105.9	+ 45.8
Mining	168.0	163.2	+ 2.9
Construction	89.3	114.8	— 22.2
Building	79.6	61.0	+ 30.5
Highway	121.2	224.4	46.0
Trade	141.9	135.9	4.4
GRAIN STATISTICS—BUSHELS.	1941	1940	
Wheat in Store—January 3	494,076,473	348,183,283	
Other Grains	22,440,848	25,153,478	
Export Clearances, Week to January 3	1,358,396	1,000,940	
Total Since Previous August 1	39,126,910	55,854,033	
Flour Output in November Bbls.	1,588,428	1,960,429	
TRANSPORTATION—			
Gross Earnings—	1941	1940	
C. N. R.—Week to January 7	$4,422,889	$3,6[illegible]	[illegible]
C. P. R.—Week to January 7	3,143,000	2,434,000	+ 29.0%
Gross Revenue—10 Months to Oct. 31			
C. N. R.—Can. Lines $	172,732,000	139,409,000	+ 23.9
C. P. R. $	139,189,000	123,021,000	+ 13.1
RAILWAY EARNINGS—	1940 $	1939 $	Change
C.N.R.—November—			
Operating Revenues	22,389,448	20,584,777	+ 1,804,671
Operating Expenses	16,865,224	15,610,173	+ 1,255,051
Net Revenue	5,524,224	4,974,604	549,620
—Eleven Months—			
Operating Revenues	223,790,418	184,773,869	+ 39,016,549
Operating Expenses	185,056,557	167,693,064	+ 17,363,493
Net Revenue	38,733,861	17,080,805	+ 21,653,056
C.P.R.—November			
Gross Earnings	15,889,425	15,437,306	+ 452,118
Working Expenses	10,816,808	9,845,031	+ 971,776
Net Earnings	5,072,617	5,592,275	519,658
—Eleven Months—			
Gross Earnings	154,629,230	137,549,539	+ 17,079,699
Working Expenses	123,795,998	113,407,680	+ 10,388,318
Net Earnings	30,833,231	24,141,850	+ 6,691,381

D.B.S.—Dominion Bureau of Statistics.

Canadian Sensitive Commodity Index compiled by Wood, Gundy & Co. Limited, declined fractionally during the past week to 67.1 on Wednesday, January 15th from 67.4 on Wednesday, January 8th. Same day a year ago index stood at 68.5. During the week cotton and rubber lost ground, wheat and hogs moved up while copper, lead, zinc, wool, steel scrap and hides were unchanged.

The Seaway and Power

(Continued from Page 1)

for work in the International Rapids section was $22,000,000" and that with a payment of $67,000,000 from Ontario the Dominion government "would have actually come out of the International Rapids section $45,000,000 to the good," which could be applied to the cost of works in Quebec, the falsity is very evident. Can anyone have any confidence in such an estimate in view of the previously-given figures of widely-recognized, competent and unbiased engineering firms? Does anyone believe that Ontario (i.e., the Hydro-Electric Power Commission) arranged to give a present of $45,000,000 to the Dominion Government, which could then use it for the benefit of Quebec, and especially when Ontario repudiated its power contract with Quebec companies?

In his address the Commission chairman criticized a pamphlet which I had previously issued dealing with this St. Lawrence project. He spent considerable time showing by the official governmental figures the small amount that this work would cost the Federal government, namely, $83,000,000 in Quebec and $22,000,000 in Ontario; but he persistently refuses to face the fundamental issue that actual costs of such government projects vastly exceed the estimated costs, as I have shown above. Until he is ready to face this basic fact, all his statements are on an erroneous foundation. I would much prefer to take the judgment of unbiased eminent engineering firms regarding the cost than that of an individual who has his own interests to serve; and until he is willing to meet this reality his words have no more sanity or weight with a thinking man than the twitterings of a parrot.

Pleas for the Development

Two motives underlie the activity which is urging this project, namely, to secure additional power and to improve the navigation. These we shall consider in turn.

Especiall on accouin of the war, the demand for electric power has been increased and the Hydro-Electric Power Commission of Ontario has endeavored to secure the signing of a treaty by the Dominion government with the United Stats government to develop the power resources of the International Rapids section of the St. Lawrence. So far as these two governments are concerned, the urge has come from the President of the United States who, since his recent election for a third term, has very urgently solicited the cooperation of Canada in this scheme. He has based his plea chiefly upon "national defence", which is none other than the development of power for industrial production; but, in addition, he favors the collateral works for the so-called "seaway" between the Great Lakes and the lower St. Lawrence. The Hydro-Electric Power Commission of Ontario is the only interest in Canada which has been pressing for this development; and although more than half of the power possibilities of the river are in Quebec, Ontario has also abundant sources of power in its tributary rivers.

The Hydro's Position

How then shall we review this matter? Let us note the following considerations:

1. In its annual report of March 31, 1940, the Commission stated that for the immediate future there was "ample power available in all districts to enable Ontario's war effort to be speeded up and maintained at a greatly enhanced level. During the past year many steps have been taken and plans made to ensure that this situation shall continue no matter what eventuates."

A few days later, in an address to the Empire Club at Toronto, the Commission chairman stated that the Commission was "not yet wholly dependent upon the early development of the St. Lawrence for its additional power supplies. There are substantial power resources on the Ottawa river which can probably be made available more quickly than the St. Lawrence, but they involve interprovincial agreements with the Province of Quebec and the purchase by the Commission of Quebec's share of the power available from any given site." Then, too, in its annual report mentioned above, the Commission stated that it had been making studies of possible future developments on the Musquash river in the Georgian Bay system, on the Madawaska river in the Eastern Ontario system, and on the Nipigon river in the Thunder Bay system.

Since, then, there was an ample supply of power for Ontario needs "no matter what eventuates" and the Commission recognized that substantial power from the Ottawa River could be available more quickly and certainly more cheaply than from the St. Lawrence, we are induced to ask why the Commission chairman has been so urgent for the St. Lawrence development. Besides, during the present year (1940) the Beauharnois Power Co. obtained authority for the use of additional water from the St. Lawrence by means of which it can provide an extra 240,000 horse-power, which would be available for the possible needs of the Commission. If it were necessary a full additional 1,500,000 horse-power could easily be produced in the part of the river where the Beauharnois plant now operates. On the Upper Ottawa river at and above Chats Falls 500,000 horse-power is available and at Carillon on the Lower Ottawa 400,000 horse-power. On the Gatineau Lievre, St. Maurice and Saguenay there could be developed 2,000,000 horse-power. On the tributaries of the Upper Ottawa there are additional sources of power. Of this 4,400,000 horse-power fully 3,000,000 could be made available for Ontario, without the necessity of a treaty with the United States and without the inevitable squandering of the people's money which such an international project would involve.

The Commission chairman, in his desire for additional power, says that what he must know, "and must know soon, is whether or not the St. Lawrence is to go ahead at once." In view of this ostensible urgency for power, we wonder why he does not proceed with the development of sources of domestic power, which would be cheaper and which he could undertake almost immediately, without waiting for the delays and uncertainties of international negotiations regarding the St. Lawrence.

To the United States Senate committee of 1932, it was stated by E. P. Goodrich, an international engineer of great experience, that practice had shown "that existing local steam power plants almost anywhere in New York State or in New England can produce electricity at a cheaper rate than can hydro-electric plants including the proposed St. Lawrence development. . . . So far as the United States is concerned that can be easily demonstrated." In furtherance of this, some large steam plants have been and are now being constructed in New York State.

Roosevelt Stand Unreasonable

Even if the St. Lawrence were undertaken to-morrow it would be six or seven years before it could become of use. But the war would, doubtless, be over long ere this, so that President Roosevelt's announced purpose of having it for "national defence" is unreasonable.

The Hydro Commission chairman has another view which he says is of "prime importance," namely, that by entering into a treaty now, "there is every reason to feel that the project will be of great social value as an aid toward the rehabilitation of returned soldiers." But when these men come back from the war they will naturally want to get into lines of work which have the element of permanence and of continuous advancement open to them which the St. Lawrence would not have. Moreover, the St. Lawrence will be in existence for many years in the future, and if its development were necessary to provide for the rehabilitation of returned men the treaty could be signed at that time and the work begun at once.

The Hydro-Electric Power Commission increased its exports of electric energy from 367,953,300 kilowatt-hours in 1934 to 386,310,900 kilowatt-hours in 1937. During the same period, of its surplus the increased export was from 193,449,610 kilowatt-hours in 1934 to 439,491,214 kilowatt-hours in 1937. In the same years the Canadian Niagara Power Company increased its export from 336,517,856 to 392,013,401 kilowatt-hours. Surely, if there were a great need for power for war industries, the United States would be willing to return a substantial share of this power.

A new source of power is now the basis of experiments, and the results indicate that we are in touch with a new and entirely original fountain of atomic energy. This is demonstrated by active experiment in two of the large universities of the United States, and the outcome thus far indicates that one pound of this substance yields as much energy as 2,500 tons of coal or 3,000,000 gallons of gasoline. While these scientists refuse to make predictions, it is not impossible, they say, that a year or two hence may show the realization of results which will revolutionize the realm of energy. In this work the industrial laboratories are lending the assistance of their highly trained men, and it is now found that this information has leaked out to Germany and that the Nazi government has ordered its greatest scientists to concentrate their energies on the solution of this problem. Shall we spend untold hundreds of millions upon a presently unnecessary St. Lawrence scheme, only to see it relegated to the discard, possibly before its final completion?

Difficulties in War Production Being Overcome

(Continued from Page 1)

Another recent development has been the action of the government in taking over ownership and control of all operations at the John Inglis Co., Ltd., properties. This action, it has been explained, was taken because the government investment at the property had come to overshadow the original plant. Ownership of the original plant will be retained by the Inglis Co., which will manage the entire facilities for the government on a fee basis, instead of working on a percentage basis. The extension to the properties has permitted considerable savings in operating costs, and these savings are being taken over by the government, in new contracts, which have been made retroactive.

Because of the increasing importance of U.S. industrial aid in the war, two of Canada's outstanding executives have been named to head a new organization to be known as the British Supply Council in North America. The new council will not only handle British purchases, but will be given authority to deal with all issues of policy concerning supply, in the United States. Arthur B. Purvis, president of Canadian Industries, who has been representing the British government in the U.S. as head of the British Purchasing Commission, has been named a head of the new council; and Morris W. Wilson, president of the Royal Bank, who has been special representative of the Aircraft Production Ministry in the United States, is to be deputy head.

Actually the new development is official endorsement and support of work that has been going on for month.

NEWS FROM MINING FIELDS AND MARKETS

MINING MARKETS QUIET, IRREGULAR SMALL VOLUME

Only a Few Junior Golds Feature Week's Trading With New Highs

BASE METALS QUIET

A dozen or more junior and small-priced gold shares provided the main trading feature on Canadian mining markets during the week ended Jan. 15 as trading interest spread first to one issue and then another. A generally improved price trend was in evidence earlier on in the week under review with most groups sharing in the upward movement, but an easier tone was noticeable on the closing days of the period although a number of issues were able to hold their gains. Base Metals strengthened during the week. Trading volume on two occasions approached the 500,000 share mark, the best level for over two months. Senior golds were quiet with gains and losses about evently divided.

The Toronto Stock Exchange index of 20 Golds was only .06 point higher at 108.67, but the index of 10 Base Metals at 68.95 showed a gain of 1.10 points from the previous week's close.

Broulan, Senator-Rouyn, Slave Lake, Chesterville and Central Porpine were five of the most active gold issues and new highs were recorded by each of these stocks. Senator-Rouyn sold to a high of 59c on the closing day of the week on heavy turnover following reports of a wide intersection of average grade ore in drilling on the third level. Central Porcupine touched a high of 17 cents, almost double the price of the previous week, while Slave Lake was under accumulation and chalked up a high of 19 cents. East Malartic improved its position by 12 points on the week, while Hard Rock was up 8 points. Aunor gained 7 as Beattie Gold moved up 5 points. Powell Rouyn declined 6 points, while Preston East Dome eased 5 points and Kirkland Lake Gold 4 points. Gains of one cent each were shown by Golden Gate, Madsen, MacLeod, Paymaster, Uchi and Naybob. Bidgood was an active issue and the stock moved up over 3½ points from its low of 7½ cents reached a week ago. Duquesne advanced to a high of 16⅝ cents, for a net gain of 1¾ points on the week, while Harker Gold was up a similar amount in fair turnover. Central Patricia, Howey, Kerr-Addison, Perron and San Antonio were unchanged on the week. Malartic Gold Fields dipped 3 cents as Upper Canada, Leitch, Gunnar and Francoeur eased 1 cent each.

Senior Golds Easier

Senior golds were irregular to slightly easier and price changes were only of minor proportions. Buffalo Ankerite was up 15 cents in somewhat heavier turnover, as Macassa and Pioneer moved up 5 cents each. Teck-Hughes and Wright Hargreaves eased 5 each, as did O'Brien while Pickle Crow was off 10 cents. McIntyre eased a point in light trading, while Hollinger and Dome were firm. Siscoe was 2 points higher.

Steep Rock was active in a slightly improved base metal section and on heavy turnover the stock made a net gain of 18 cents. Ventures Ltd. advanced 30 cents on the week, while Waite Amulet was 20 cents higher. Noranda was down one point as Hudson Bay and Base Metals Mining eased fractionally. Jack Waite showed a net gain of 6 points, while Pend Oreille and Sherritt Gordon gained 7 and 5 points respectively. Falconbridge strengthened on reports that the company was going on full production of matte to meet current increased demands which may only be temporary.

Transcontinental Resources was the only active issue in a quiet miscellaneous section, and the stock sold to a new high of 50 cents on fair turnover. Temiskaming was a shade higher, while BEAR was unchanged on the week.

Western Oils were quiet with prices for the most part firm. Anglo-Canadian advanced 7 points, as Home Oil was 4 points higher. Davies Pete, Calgary and Edmonton. Pacalta and British Dominion were firm. Okalta eased 3 points and Acme 1 point. The Toronto Stock Exchange of 15 Western Oils gained .01 point to 21.39.

Gold Belt Dividend May Be Put On Regular Basis

Vancouver. — After penetrating 285 ft. of ore averaging 0.818 oz. across better than 3 ft. the drift on the 3500 vein on 14th level at Gold Belt Mining Co. entered a lean area in the favorable formation. Latest reports from the mine say that after 40 to 50 ft. in the lean area the drift appeared to be heading into better values. Significance of the 1400 level good values at this mine lies in the fact that it bears out geological expectations that the zone of best values would be found above the first ore opened above the low level adit. Thus there is presented the highly interesting probability that Gold Belt is opening up from below a typical zone of enrichment in the quartzite belt. This prospect is rendered more impressive by reason of the fact that a number of strong veins are still to be explored at this area. From profits from the lower grade levels already mined the company has paid back $200,000 in loans and initiated dividends. The advent of better grade ore finds the company in nice working capital position, indicating the likelihood of a regular dividend basis being established in 1941.

PANDORA CADILLAC

Pandora Cadillac Gold Mines reports December production at $27,860 as compared with $25 210 in November. This brings total production since the company took over the Amm mill to $138,691. The mill is handling about 190 tons of ore daily.

New Record Quebec Mine Output

"At the end of the month of November production figures for gold, silver and lime had reached such levels that we fell justified in saying that their 1940 production will reach new all-time peaks in the mining history of the Province of Quebec."

Such was the statement made by Mr. A. O. Dufresne, Director of the Quebec Bureau of Mines, when he issued the monthly bulletin of the Bureau of Mines for the month of November. Although brief, this statement was nevertheless significant.

Asbestos is the only mineral whose production for the first eleven months of 1940 was lower than that of the corresponding period of 1939. In many other branches of our production, many important increases have been noted, i.e., gold 6½%, silver 13%, clay products 22%, industrial lime and limestone 46%, cement 27%.

At this time of the year the demand is usually smaller for asbestos, clay products, cement and lime, and this fact explains the decrease in our November production, as compared with October. At the same time, it is nevertheless an established fact that production for clay products and cement was at its highest November level for years.

	—November—		October	—Eleven Months—	
	1940	1939	1940	1940	1939
Asbestos, tons	32,687	40,568	34,708	316,614	332,080
Precious Metals:					
Gold, ounces	86,369	75,387	90,250	928,914	871,347
Silver, ounces	117,074	110,428	135,682	1,201,159	1,361,666
Building Materials:					
Clay products	$177,497	$149,958	$222,314	$1,466,151	$1,199,743
Lime, tons	21,880	16,919	22,447	210,318	143,907
Cement, barrels	397,179	221,824	591,274	3,700,442	2,923,210

Record of Gold Producers

BERENS RIVER MINES

Berens River Mines bullion production in December reached a new high at $117,302, recovered from the milling of 6,885 tons of ore for an average recovery of $17.03 per ton. It compares with November recovery of $110,863 from 7,216 tons, an average af $15.36 per ton. December production included 2,275 ozs. of gold and 78,197 ozs. of silver.

1940	Tons Milled	Recovery	Average Per Ton
1st quarter	19,915	$ 310,922	$15.61
2nd quarter	20,163	305,833	15.16
3rd quarter	21,187	326,629	15.41
October	7,080	101,847	14.38
November	7,216	110,863	15.36
December	6,885	117,302	17.03
Total 1940	82,446	$1,273,396	$15.44

BIDGOOD KIRKLAND GOLD

Bidgood Kirkland Gold Mines reports December production of $35,160 from treatment of 4,016 tons for an average recovery of $8.75 per ton. This compares with November output of $32,589 from 3,862 tons milled, an average of $8.44 per ton, and with December, 1939, output of $32,079 from 4,554 tons, an average of $7.04 per ton.

1940	Tons Milled	Recovery	Average Per Ton
1st quarter	13,058	$100,344	$ 7.69
2nd quarter	13,060	97,867	7.49
3rd quarter	12,484	97,161	7.78
October	3,957	40,543	10.25
November	3,862	32,589	8.44
December	4,016	35,160	8.75
Total 1940	50,437	$403,664	$ 8.00
Total 1939	53,191	483,520	9.09

BUFFALO ANKERITE GOLD

Buffalo Ankerite Gold Mines December quarter production approximated $612,140 from treatment of 99,383 tons of ore for an average recovery of $6.16 per ton. This compares with September quarter output of $612,992 from 90,935 tons, an average of $6.71 per ton, and with $683,402 in the December quarter of 1939 from 95,337 tons, an average of $7.17 per ton.

1940	Tons Milled	Recovery	Average Per Ton
1st quarter	94,433	$ 667,986	$7.07
2nd quarter	93,586	615,993	6.58
3rd quarter	90,935	612,992	6.74
4th quarter	99,383	612,140	6.16
Total 1940	378,337	$2,509,111	$6.63
Total 1939	360,014	2,625,952	7.29

CENTRAL PATRICIA GOLD

Central Patricia Gold Mines production for 1940, based on quarterly returns, reached a new high at $1,888,475 from the milling of 118,471 tons of ore, indicating an average recovery of $15.94 per ton. This compares with 1939 output of $1,765,587 from 108,091 tons, an average of $16.33 per ton. Production in the December quarter totalled $467,860 against $480,285 in September quarter and $457,653 in the December quarter of 1939.

1940	Tons Milled	Recovery	Average Per Ton
1st quarter	27,596	$ 487,130	$17.65
2nd quarter	29,405	453,200	15.41
3rd quarter	29,984	480,285	16.02
4th quarter	31,486	467,860	14.86
Total 1940	118,471	$1,888,475	$15.94
Total 1939	108,091	1,765,587	16.33

GOLDEN GATE MINING

Golden Gate Mining Co. December bullion production amounted to $23,651 from treatment of 2,145 tons, an average of $11.03 per ton, compared with November output of $27,789 tons from 2,077 tons, or $13.38 per ton. Production for 1940 totals $257,590, as compared with $266,811 in 1939.

1940	Tons Milled	Recovery	Average Per Ton
1st quarter	6,520	$ 64,535	$ 9.90
2nd quarter	6,133	64,206	10.47
3rd quarter	6,250	53,225	8.52
October	2,356	24,188	10.27
November	2,077	27,785	13.38
December	2,145	23,651	11.03
Total 1940	25,481	$257,590	$10.11
Total 1939	23,753	266,811	11.23

GUNNAR GOLD MINES

Gunnar Gold Mines December bullion production is officially estimated at $57,268 from treatment of 4,343 tons of ore for an average recovery of $13.19 per ton, as compared with November output of $56,732 from 4,423 tons, an average of $12.83 per ton. The mill treated an average of 144.8 tons per day last month, against 147.4 tons daily in November, while mill heads improved 40c to $13.40 per ton with tailing losses unchanged at 21 cents a ton.

1940	Tons Milled	Recovery	Average Per Ton
1st quarter	12,452	$164,381	$13.20
2nd quarter	12,793	162,973	12.74
3rd quarter	13,417	167,979	12.52
October	4,564	57,539	12.41
November	4,423	56,732	12.83
December	4,343	57,268	13.19
Total 1940	51,992	$666,872	$12.83
Total 1939	49,036	662,010	13.50

ISLAND MOUNTAIN MINES

Island Mountain Mines Co. bullion production in December amounted to $62,216 from the milling of 4,432 tons of ore for an average recovery of $14.04 per ton. This compares with November output of $69,432 from 4,594 tons, an average of $15.11 per ton, and with December, 1939, output of $67,900 from 3,891 tons, an average of $16.16 per ton.

1940	Tons Milled	Recovery	Average Per Ton
1st quarter	11,366	$199,773	$17.59
2nd quarter	11,783	179,274	15.21
3rd quarter	12,502	210,844	16.86
October	4,542	85,089	18.73
November	4,594	69,432	15.11
December	4,432	62,216	14.04
Total 1940	49,219	$806,628	$16.39
Total 1939	46,209	737,843	15.97

KOOTENAY BELLE GOLD

Kootenay Belle Gold Mines production dropped to a new low for year in December at $22,000 from treatment of 2,445 tons of ore for an average recovery of $9 per ton. It compares with November output of $28,500 from 2,424 tons, an aver- of $10.75 per ton, and with December, 1939, production of $54,600 from 4,499 tons, an average of $12.27 per ton. The search for new ore sources is continuing.

1940	Tons Milled	Recovery	Average Per Tno
1st quarter	11,164	$138,171	$12.37
2nd quarter	10,056	124,782	12.41
3rd quarter	9,534	135,996	14.17
October	3,195	43,139	14.31
November	2,424	28,500	10.75
December	2,445	22,000	9.00
Total 1940	38,818	$492,588	$12.69
Total 1939	52,619	681,673	12.95

MONETA PORCUPINE MINES

Moneta Porcupine Mines produced bullion valued at $271,226 in the fourth quarter of 1940, as compared with $285,943 in the September quarter and with $288,811 in the rinal 1939 quarter. The mill handled 16,169 tons in the latest quarter for an average recovery of $76.77 per ton, against 16,120 tons milled and average of $17.74 per ton in the preceding quarter.

1940	Tons Milled	Recovery	Average Per Ton
1st quarter	16,015	$ 287,646	$17.96
2nd quarter	16,135	296,480	18.37
3rd quarter	16,120	285,943	17.74
4th quarter	16,169	271,226	16.77
Total 1940	64,439	$1,141,295	$17.71
Total 1939	63,207	1,074,859	17.01

MORRIS KIRKLAND GOLD

Morris Kirkland Gold Mines reports December bullion production of $16,049 from treatment of 4,172 tons for an average recovery of $3.85 per ton. It compares with November output of $16,415 from 3,808 tons, an average of $4.31 per ton.

1940	Tons Milled	Recovery	Average Per Ton
1st quarter	6,180	$ 16,350	$2.64
2nd quarter	10,558	47,010	4.45
3rd quarter	10,967	51,208	4.67
October	3,895	17,300	4.44
November	3,808	16,415	4.31
December	4,172	16,049	3.85
Total 1940	39,580	$164,332	$4.15

SAND RIVER GOLD MINING

Sand River Gold Mining Co. reports December production of $35,035 from the milling of 2,873 tons of ore for an average recovery of $12.19 per ton. This compares with November output of $33,606 and with $37,240 produced in December, 1939. Total output for 1940 was $398,203 compared with $430,946 in 1939.

1940	Tons Milled	Recovery	Average Per Ton
1st quarter	9,148	$101,260	$11.07
2nd quarter	8,587	98,347	11.45
3rd quarter	8,214	97,736	11.75
October	2,965	32,221	10.87
November	2,839	33,606	11.84
December	2,873	35,035	12.19
Total 1940	34,726	$398,203	$11.47
Total 1939	36,518	437,312	11.98

SILBAK PREMIER MINES

Silbak Premier Mines net smelter returns in December amounted to $128,303 from treatment of 14,000 tons of ore for an average recovery of $9.16 per ton. This compares with November returns of $150,687 from 14,344 tons, an average of $10.50 per ton. Estimated operating profit in December was $49,376 as against $68,695 in November.

	Tons Milled	Net Returns	Est. Oper. Profit
1st quarter	42,559	$ 359,290	$106,961
2nd quarter	42,633	352,671	109,658
3rd quarter	42,844	364,453	116,402
October	15,054	133,279	48,302
November	14,344	150,687	68,695
December	14,000	128,303	49,376
Total 1940	171,434	$1,488,683	$499,394
Total 1939	169,164	1,733,463	772,766

SPUD VALLEY GOLD MINES

Spud Valley Gold Mines reports December production of $66,081 from treatment of 2,714 tons of ore, an average recovery of $24.47 per ton, compared with $60,346 in November from 2,610 tons, an average of $23.09 per ton. In the 7 months of the company's fiscal year to Dec. 31, 1940, production was $398,211 from 17,401 tons, an average of $22.89 per ton, compared with $358,606 from 13,004 tons and average of $27.58 per ton in the like period of 1939.

1940	Tons Milled	Recovery	Average Per Ton
1st quarter	6,694	$190,686	$28.48
2nd quarter	6,774	159,446	23.54
3rd quarter	7,140	161,530	22.77
October	2,609	62,560	28.98
November	2,610	60,346	23.09
December	2,714	66,081	24.47
Total 1940	28,541	$700,649	$24.55

PERRON OUTPUT SHARPLY HIGHER DURING YEAR '40

Company Reports Production of $1,898,744 Against $1,474,188 in Previous Year

ORE GRADE IMPROVED

Toronto Bureau The Financial Times

Toronto—Gold production of Perron Gold Mines in 1940 reached a new high for the mine at $1,898,744, as compared with $1,474,188 produced in the preceding year. For the 12 months of 1940 a total of 140,902 tons of ore were handled in the mill, indicating an average recovery of $13.47 per ton, compared with 132,976 tons milled and average recovery of $11.08 per ton in 1939. While tonnage milled was slightly above the 1939 total, the chief factor responsible for the increased gold production was the higher grade of ore from the No. 32 vein, now rated as the major source of ore supply. The increased gold production will be reflected in earnings and, despite higher taxes, net for 1940 can be expected to exceed by a fair margin the 23.8 cents per share earned in 1939.

While tonnage milled in December rose to a new high of 13,361 tons, a daily average of 431 tons, production declined to $152,015 from $168,538 in November from 11,607 tons milled, due to treatment of a lower grade of ore. Average recovery in December was $11.38 per ton, against $14.52 a ton in November. The ball mills operated 99.74 per cent of possible running time last month, against 95.94 per cent in November, while extraction improved to 99.15 per cent from 98.11 per cent.

In his report on December mine operations, J. P. Norrie, general manager, states that drill hole 625 cut the upward extension of 458 orebody in 3.8 ft. of .36 oz. gold. Hole 633 cut a new vein 47 ft. above the 358 orebody in 2 ft. of 2.14 oz. gold. The upward extension of the 932.6 orebody was cut in hole 626 which revealed 4.7 ft. of 1.8 oz. grade, while the downward extension of the 623 orebody was cut in hole 630 in 4 ft. of 1.95 oz. gold. Drill hole 634 cut a new vein 35 ft. below the 355 orebody in 2.3 ft. of 1 oz. gold.

No. 5 shaft was deepened 89.2 ft. to a total depth of 1,972.4 ft. At 1,950 ft. a 10 ft. quartz tourmaline vein, well mineralized with pyrite, was cut, grade of which has yet to be established. Drifting on the 1232 vein was advanced 194.3 ft. in drift width of .10 oz. grade. The 1132 vein was extended 157.6 ft. in .10 oz. gold and 357.6 ft. of .25 oz. grade is now exposed in the drift.

Malartic Goldfields Output Gained During December

Production at Malartic Gold Fields mine for December amounted to $109,286 from 14,638 tons milled. This compares with $100,841 from 14,295 tons for the previous month of November.

In a report reviewing operations at the mine for December, J. P. Norrie states:

"During the month of December 802 feet of drifting and crosscutting and 153 feet of raising was done. 148 N crosscut cut the new "B" orebody in 7.7 feet of .4 oz. per ton. This was drifted on for 125 feet in .33 oz. ore. The "D" orebody on the third level was extended west in 3DW drift 100 feet assaying .12 oz. over drift width. Drifts 3FE and W drifts on the F orebody on the third level opened up 43 feet of .19 oz. ore over drift width. On the fourth level 4AW drift was extended 56 feet on .09 oz. ore. 58 feet of drifting was done on the F orebody in .08 oz. ore.

"866 feet of surface drilling and 1720 feet of underground drilling was done. Drill hole M-116 drilled North from the end of 449 crosscut at 211 feet cut 1.5 feet of diorite assaying .18 oz. ore.

"Drill hole M-118 drilled North from 2DW drift on the second level at 143 feet cut 11 feet of diorite assaying .19 oz. ore. The new mill filters should be in operation early in the new year when the milling rate will be 600 tons per day. The mill operated 98.7% of possible running time on an average daily tonnage of 474.2 tons. Mill heads assayed .209 oz. per ton. Extraction was 91.18%."

Hammel Organization Reports Personnel Changes

Toronto Bureau The Financial Times

Toronto. — A change has been made in the presonnel of the Hammell organization, it is officially reported, with Alex. Hattie having been appointed to the position of director of mining following the resignation of Ben Budgeon, who had held that position for several years. Mr. Hattie was formerly assistant to J. E. Hammell, president, and he is now on an inspectional trip of the various properties, including Pickle Crow, Uchi, Hasaga, and Albany River.

PAYMASTER CONS.

Paymaster Consolidated Mines is making good progress in sinking the No. 3 winze which is now down about 20 ft. below the 2,700-foot level. It will be carried to a depth of 3,500 ft. allowing the opening of at least eight and possibly 12 new levels. A flat diamond drill hole put out to the north from the east line drive on the 2,575-foot level is reported to have intersected No. 27 vein and returned value of $23.25 over 50 inches. On surface, the diamond drill has been moved over to the No. 4 shaft area which lies in the extreme southeast portion of the property. Some exploratory drilling will be carried out here.

Toburn Dividend Rate Raised from 8 to 12 Cents

Toronto Bureau The Financial Times

Toronto. — Toburn Gold Mines has declared a quarterly dividend of 3 cents a share plus an extra of 2 cents, payable February 22 to shareholders of record January 22; ex-dividend January 21. This represents a change in the quarterly dividend rate from 2 cents a share which has been in effect since the initial payment was made on February 22, 1934. Extra payments of 2 cents a share have been made by the company since August 22, 1938, along with the regular 2 cent quarterly dividend, while a special 4 cent dividend was paid on December 27, last. Payments in 1940 amounted to 20 cents a share against 16 cents paid in 1939 and 14 cents in 1938.

FALCONBRIDGE TO RAISE PRODUCTION

Company Makes Substantial Contribution to Canada's War Effort

Toronto Bureau The Financial Times

Toronto — As a direct contribution to Canada's war effort, Falconbridge Nickel Mines Ltd. is preparing to go on full production of matte. N. F. Parkinson, secretary of the company, in a statement to shareholders, warns that this is only to meet a current increased demand that has arisen and which may be no more than temporary. The unused Falconbridge matte capacity was part of the answer.

In addition, with available electrolytic refining capacity working already at its utmost, it will be necessary to resort to other means of making this matte available for alloying purposes, and these means of necessity will not afford the normal profit spread. The proposed increased production must be considered as a direct contribution to Canada's war effort, and not as an indication of former profits being resumed, Mr. Parkinson states.

In view of the unusual conditions under which Falconbridge is operating at this time, the directors contemplate, against their usual practice, issuing a report of operations for the last quarter of 1940 and prior to the date when the annual report to shareho'ders may be available. This report is expected to be ready for shareholders shortly.

Central Porcupine Position Is Reported Unchanged

Toronto Bureau The Financial Times

Toronto. — There has been no change in the position of Central Porcupine Mines Ltd. and officials of the company are unable to offer a reason for the recent activity in the company's shares. The company's property located right in the heart of the Porcupine camp and surrounded by large producing gold mines has been inactive for the past few years, in fact since 1936 when the last underground work was done on the 1,000 ft. level from the Coniaurum's Goldale shaft. In the following year diamond drilling was carried on from surface, but no real ore resulted from these endeavors. Meanwhile, the company's policy has been to conserve funds for the day when work will be resumed. At the end of 1939 Central Porcupine had cash of $1,089 and marketable securities of $177,400 which together with other small assets brought the total to $187,241, as against current liabilities of $150. Investments are in dividend-paying stocks and bonds.

B. C. Gold Output Made New High in Past Year

British Columbia's 1940 gold production is estimated by Hon. W. J. Asselstine, Minister of Mines, to have reached the all-time high of $24,800,000. He set the total value of all mineral production at close to the record of $74,475,902, achieved in 1937. Mr. Asselstine said, at the request of the Federal Government, he was withholding detailed estimates of value and volume. However, he estimated lode-gold production at an all-time high, 600,000 oz., valued at $23,100,000, and placer-gold production at about $54,000 oz., valued at $1,709,708.

Premier Dividend Outlook Considerably Improved

The new dividend basis of 3 cents plus 2 cents quarterly initiated by Toburn Gold Mines with the February declaration means annual revenue for Premier Gold Mining Co. from this source of $298,000 or about one-half Premier Gold's own dividend requirements at the present rate of 3 cents quarterly. Greater diversification of income from other sources points to probable continuance of the 3 cent quarterly rate by Premier. The other sources are Big Bell in Western Australia; Silbak Premier in B. C., Neptune Gold Mining in Nicaragua and Saudi Arabia Mining in Arabia

Premier Gold is currently negotiating for a 60 per cent interest in Premier Border with a view to prolonging the profitable lifetime of the Silbak Premier operation. While estimated operating profit of Silbak in 1940, before write-offs, was $499,394, considerably below the $764,234 reported for 1939, Silbak dividend requirements of $400,000 were amply covered. Silbak has more than $1,200,000 in working capital.

EDGECREEK ASSIGNMENT

Notice is given by the Guaranty Trust Co. of Canada, as custodian, that Edgecreek Gold Mines, 1936, Ltd., made an assignment on Jan. 7, last. First meeting of creditors will be held on Jan. 23. Statement of affairs of the company shows liabilities of $11,627 and assets of $10,540, leaving an apparent deficit of $1,087.

B. C. MINING MEN SUGGEST WAYS TO AID PROSPECTING

Closer Cooperation Between Industry and Government One of Key Points

FINANCIAL PARTICIPATION

Special Correspondence

Vancouver.—How to revive interest in prospecting so as to encourage the discovery of new mines is now recognized to be among the major problems of British Columbia's mining industry, and conferences have been held in Vancouver recently with a view to obtaining suggestions on the subject.

The conferences were a preliminary to the meeting called in Ottawa this week, when mining officials from all provinces come to discuss proposals for restoring prospecting for mines as a worthwhile occupation.

"Mining men have shown a hopeful response to our request for suggestions," said Hon. W. J. Asselstine, provincial minister of mines, after meeting with the executives of the Chamber of Mines and the Mining Association.

"There is general agreement that the prospector plays a vital role in mining, and that if metal production is to continue at its present high level new mines must be found and developed. We cannot find those mines unless we have prospectors in the field looking for them."

Among the prominent mining executives who attended the conference with Mr. Asselstine were Austin Taylor, president of Bralorne Mines; Howard T. James, managing director of Pioneer Gold Mines; Bert Smith, manager of Premier Gold Mining Company; A. E. Jukes, president of Gold Belt Mining Company; Rolf Bruhn, president of Sheep Creek Gold Mines; T. W. Bingay, of Consolidated Mining & Smelting Company; C. V. Brennan, assistant general manager, Britannia Mining & Smelting Company; Dr. W. B. Burnett, president of Cariboo Gold Quartz Mining Company.

A memorandum outlining some of the industry's views was prepared by Frank Woodside, manager of the Chamber of Mines.

Some of the points emphasized:

1. Government engineers should investigate and report on the possibilities of many of the mineral claims staked in the province over a period of years.

2. Government prospectors' training camps should be reopened next summer (Mr. Asselstine states that the government intends to do this this year).

3. The government should give more attention to financial assistance for prospectors, perhaps to the extent of grubstaking the prospectors' training school courses.

4. There should be more definite co-operation between government engineers and the prospectors. In their anxiety to protect the public, it is claimed that some engineers have leaned backward in their reports on mining prospects with the result that financial backers have been discouraged.

5. Mine taxation is too high and uncertain. It is claimed that American capitalists who might otherwise place large sums in British Columbia for mine development have withdrawn their support because of the lack of guarantees that present foreign exchange control provisions will prevail indefinitely. While they are at present able to take out of Canada as much as they invest here, there is no assurance that this will continue to be authorized.

6. Investment from Canadian incomes for development of mines should not be taxed, or should at least be subject to a more moderate levy.

7. The present provision that new mines be not taxed during their first three years of production should be extended for a further three years after expiration of the present term in 1942.

8. Greater assistance should be given to the construction of roads and trails into mining areas.

9. Prospectors going into new areas should be allowed by the government an equal amount to half the cost of their transportation, this to be provided as a rebate at the close of each season.

10. The department of mines should consider the advisability of giving a bonus or reward in cash to prospectors making new discoveries of lode gold.

11. Geological survey work should be more rapidly extended by the Dominion government.

12. Placer mine equipment, such as gold dredges should be allowed to enter the country at reduced duty, the present rate being considered excessive.

13. Business firms which profit directly or indirectly from the mining industry should be prepared to grubstake or otherwise assist prospectors as they did in the earlier days.

Whatever the outcome of the provincial and federal conferences concerning the future of prospecting and mining, however, it is expected that there will be a closer partnership between the government on the one hand and the mining industry on the other.

MONETA PROFITS SLIGHTLY LOWER

Company Reports Small Drop in Production During December Quarter

Toronto Bureau The Financial Times

Toronto. — Net profit of Moneta Porcupine Mines Ltd. for the three months ended Dec. 31, 1940, is estimated at $118,603, equal to 4.66 cents per share on the 2,543,860 shares outstanding, it is revealed in a statement accompanying cheques for the Jan. 15 dividend payment. This compares with net profit of $130,130, or 5.1 cents per share, in the preceding quarter and $140,898, or 5.5 cents per share in the December quarter of 1939. For the first nine months of the company's current fiscal year to Dec. 31 1940 estimated net profit totalled $388,086, or 15.2 cents per share, as compared with $392,225, or 15.4 cents per share in the like period of 1939.

Production in the latest quarter was valued at $271,226, off slightly from the $286,913 produced in the preceding quarter. Mill tonnage was slightly higher, but recovery was off to $16.77 per ton from $17.74 per ton. Costs were silghtly lower at $132,580 as compared with $136,047 in the September quarter, while write-offs for depreciation and deferred development was up somewhat at $28,513.

Comparative results follow for quarters ended:

	Dec. 31, 1940	Sept. 30, 1940	Dec. 31, 1939
Tons milled	16,169	16,120	16,177
	$	$	$
Production	271,226	285,943	288,811
Aver. per ton	16.77	17.74	17.85
Invest. & Misc. Income	8,470	8,709	6,752
Total income	279,696	294,652	295,563
Oper. & admin. expense	114,274	113,591	109,602
Tax reserve	18,306	22,546	16,954
	147,116	158,605	169,007
Deprec.	16,386	16,385	15,976
Prel. dev. w-o	12,127	12,090	12,133
Net profit	118,603	130,130	140,898
Net per share	4.66c	5.1c	5.5c

New Vermillion Well Brings Number of Producers to 8

Vermilion. —Another oil producer in the Vermilion gas and oil field was brought in last week with completion by the S. W. S. Drilling Co. of Franco-Hamers No. 1 well.

Oil bearing sands were encountered at 1840 ft. and a good grade of heavy crude rose in the hole. The geographical formation corresponds to that of the discovery well of the area, Battleview No. 2, one-quarter mile to the east.

This brings to a total of eight the number of wells already regarded as oil producers in this field.

Drilling then commenced on the Franco-Hamers No. 2 well, one-quarter mile to the south of the No. 2 well. They are both approximately six miles due east of Vermilion.

Every Member of the Family Can Buy War Saving Certificates

Stock Exchange Record—Montreal And Toronto

STOCK	Prev. Close (Week ending Jan. 14, 1941)	High	Low	Price Change	Sales	Bid	Ask	1941 High	1941 Low	Current Div. Rate
Abitibi	80c	75c	65c	—15c	850			2½	50c	
Do., pref	7	7	6¼	—¾	885			17¾	5⅛	
Do., 7% pref	12¾					11	13	25	5	
Acme Glove	3					2		6	3	
Do., pref	50					50		51	45	
Agnew Surpass	11	11¼		+¼	10			12½	10	
Do., pref	107¼					107		110	105	
Alberta Grain	1¼	1¼			50			3	¾	
Do., pref	25¾	26	25¾	+¼	42			36	20	
Algoma Steel Corp	10	10	9½	—½	210			16¾	7	
Do., pref	89	93	92¾	+3¾	35			100	81	
Amal. Electric New	5	10		+5	15			6	5	
Anglo Can. Tel., pref	45							49	43½	$2
Asbestos	14⅞	16½	15	+1⅛	1580			26¼	14	60
Assoc. Breweries	15½	15¼	15	—¼	105			19½	12½	$1.0
Do., pref	108½					108		112½	100	$7.
Ault & Wiborg, pref	99					100		103	99	$
Barker's Bread	2⅝					1¼	1.90	6⅛	2	
Do., pref	27					22		28	19	$2.
Bathurst Paper "A"	12¾	13	12¾	+¼	915			15½	7	$1.
N. Bawlf Grain	5c							1.00	5c	
Do., pref	48	48			20			48	25	
Beatty Bros	6	8	7	+2	50			6	3	
Do., 1st pref	101					101		102	99	$6.0
Do., 2nd pref	88					85	90	100	88	$7.0
Bell Telephone	158½	158½	158		1080			169	130	$8.0
Biltmore Hat	8¾	8¾			5			12	8¼	60
Blue Ribbon	5¼	5⅛		—⅛	10			9¼	5	
Do., pref	37	36		—1	10			42	32½	$2.5
Brantford Cord, pref	21					20½	22	21	19	$1.3
Brazilian	7⅜	7⅜	7		7930			10¼	4	
Brewers & Distillers	5	5¼	4		85			5½	3	
B.A. Oil	17½	18¼	17½		1410			28⅛	14¾	$1.00
B.C. Power "A"	26	26	25½		115			30	23	$2.00
Do., "B"	1.25	1.30	1.25	+5c	225			2	1	
Bruck Silk	5¼	5	4⅞	—¼	125			7	4⅛	Int.
Building Prod., Class A	15¼	15¼	14½	—¾	390			17⅛	12	70c(b)
Burlington Steel	10¾					9¾	10¾	14	6¼	60c
Calgary Power							70			
Can. Bread	2⅞					2	2⅞	5⅞	1¾	
Do., "A" pref	97½	100		+2½	5			100	90	$5.00
Do., "B" pref	38¼	40		+1¾	10			58	38¼	$2.50
Can. Cement	6	6⅛	5½	+¼	675			8	3	
Do., pref	100	100	94		85			101	75	Arr.
Can. Cycle pref	102¾	102¾			10			106	102	$6.00
Can. Foundries "A"	15½					16½	20	23	12	$1.50
Do., "B"	17					15	20	22	13	$1.50
Can. Nor. Power	8¾	8½		—¼	5			18	8¾	$1.00
Can. Packers	87½	87½	85½		45			104¾	65	$3.00b
Can. S.S. Lines	4⅞	5⅛	4	+⅛	2650			8⅛	2¾	
Do., pref	19⅝	20½	19	+⅞	1450			25⅛	10	Int.
Can. Wire & Cable "A"	61¼	60		—1¼	25			74	40½	$4.00
Do., "B"	23					20	24	24	14	$2.00
Do., pref	107	107			10			108	105	$6.50
Can. Bakeries New	1½	¾		—¾	50			3	1	
Do., pref	58					25	39	58	40	Int.
Can. Breweries	90c	1.00	95c	+10c	500			2.50	90c	
Do., pref	25	25	21½	—½	195			31¾	21½	$3.00
Can. Bronze	36					36	39	39	24	$1.50b
Do., pref	105					105	112	107	102	$5.00
Can. Canners	7					6	6½	10½	6	Int.
Do., 1st pref	19⅛	20	19¾	⅛	75			22¼	16	$1.00b
Do., 2nd pref	9⅞	10		+⅛	124			14	7¾	60c(b)
Can. Car & Foundry	9⅛	10½	9	+	4485			16¾	6	
Do., pref	23	28	23	+2½	2220			29	12¾	Arr.
Can. Celanese	28¼	29	28	—¼	390			37½	20	$1.00b
Do., rights	22					22½		22	17	
Do., pref	124	124			10			124	124	$7.00b
Can. Converters	17½	18		+½	125			19	14	Int.
Can. Cottons	93	105		+12	85			120	93	$4.00b
Do., pref	105	110		+5	3			118	100	$6.00
Can. Dredge & Dock	20½	21	20	—½	375			32	9½	Int.
Can. Fairbanks, pref	100					98½		101	100	$6.00
Can. Foreign Invest	9	10		+1	10			14½	5	Int.
Do., pref	104½					104		104½	100	$8.00
Can. Gen. Elec	207	215		+8	25			245	195	$8.00
Can. Ind. Alcohol "A"	2½	2½	2⅛	—⅛	400			3.65	1.65	Int.
Do., "B"	2¼	2¼		—½	25			3.65	1.60	Int.
Can. Iron Foundries	35					35		40	25	Int.
Do., pref	72					70		75	68	Int.
Can. Locomotive	9	8		—1	20			20	6	
Can. Oil Co	18	17		—1	25			21	11	50c(b)
Do., pref	118	120		+2	5			121	109	$8.00
Can. Pac. Rly	5¾	6⅛	5½		12300			8¾	3⅞	
Can. Wallpaper "A"	8					8½	10	13	7⅞	Int.
Do., "B"	8	8½		+½	10			13	7	Int.
Can. Wineries	4					3⅞	4¼	5½	3	Int.
Can. W. B. Boxes A	20½	20½			40			22	13½	Arr.
Carnation Co. 1st pref	118					118½		119	114	$5.50
Cockshutt Plow	5¼	5½	5	—¼	355			9¼	4	
Cons. Bakeries	14	12¾	10¾	—1¼	30			19	12½	$1.00b
Cons. Min. & Smelt	38⅛	39½	38	+⅞	425			49	29	$1.00b
Consumers Gas	142	143½	142	+1	155			174	140	$10.00
Cos. Imperial Mills	25	24⅝	24	—1	22			31½	20	$1.20
Do., pref	105							105	100	$5.00
Crown Cork & Seal	28½	29		+½	10			32	21	$2.00
Crows Nest Coal	31					30	35	35	22	$3.00
Distillers-Seagrams	26	27	26	+¾	740			28	18½	$2.00b
Do., pref	95					91		97	70	$5.00b
Dom. Anglo	26					30		26		Int.
Do., pref	55					65	70	55		$5.00
Dominion Bridge	26¼	26½	26	+¼	610			40	22½	$1.20
Dom. Coal, pref	20	20¼	20	+¼	55			22⅞	16	$1.50
Dom. Foundries	23	23	22½	—½	125			36½	19	$1.00
Do., pref	104½					107	110	110	102½	$6.00
Dom. Glass	126½	126		—½	10			129	113	$5.00
Do., pref	147					150		156	135	$7.00
Dom. Scottish	1.00							1½	1.00	
Do., pref	27							31	24½	Arr.
Dom. Steel & Coal "B"	9⅝	9½	9¼	—¼	2210			15⅛	6⅛	
Dom. Stores	5	5	4	—½	630			9¼	2⅛	
Dom. Tar	4½	4½			120			8⅛	3	
Do., pref	86½						89	90	75	$5.50
Dom. Textile	81½	81	80	—1½	225			90½	70	$5.00
Do., pref	145					144		156	140	$7.00
Dryden Paper	5¼	5½	5	+¼	160			11¾	4	
Dom. Woollens	1½					1½	2	3½	1½	
Do., pref	7⅞	8	7⅞	+⅞	300			9½	3½	Int.
Eastern Dairies	90c						50c	90c	10c	
Eastern Steel Prod	13					12¼	15	14	8	$1.00b
Eastern Theatres, pref	112¾							112¾	97	$7.00
Easy Washing Machine	2¾					2½	3¾	4⅛	3	
Electrolux Corp	7					8⅛		12	7	Int.
Enamel & Heat. Prod	3	3			20			5½	3	
English Electric "A"	27½					27		34	25	$2.50
Do., "B"	5					4		6	1½	
Equitable Life	5	5			14			6	3⅛	Int.
Famous Players	22						22	24	18	$1.00
Fanny Farmer Shops	27⅞	27⅞			485			30	24¼	$1.00b
Fleury Bissell	1¼						¾	1¾	¾	
Do., pref	17					15	17	27	17	Arr.
Ford Class "A"	15	15¾	15	+½	3060			22¼	14½	$1.00
Do., Class "B"	15					15¼		21¾	15	$1.00
Foundation Co. of Can.	12½	12½	12¼	—¼	51			15⅛	6	Int.
Gatineau Power	9	9½	9¼	—¼	42			10⅛	7½	80
Do., rights	1.10	1¼			10			6	1¼	
Do., pref	88	89	88	+1	20			97	75	$5.00
Do., 5½% pref	95					92	95	105½	90	$5.50
Gen. Steel Wares	5¾	6¼	5¾	+¼	226			10¾	4⅛	
Do., pref	94	94	93½	—¾	105			97	78	$7.00
Goodyear Tire	80	80	79		146			87	53	$2.50
Goodyear Tire, pref. new	54	54	53½		75			57	51	$2.50
G. L. Paper V.T.	3¼	3		¼	20			9	2	
Do., pref. V.T.	18	18			85			27¼	14½	Int.
Great West Saddlery	2¼					1¼	3	3¼	1¼	
Do., pref	20					29	35	37	20	Int.
Greening Wire	11	11			10			14	10	60c
Gurd, Charles	4½					1		10⅛	4	
Do., pref	108¼						108	108¼	106½	$7.00
Gypsum	3¼	3½	3¼		485			8¼	2¾	
Ham. Bridge, new	4⅛	5¼	4⅛	—¼	1320			8¼	2⅞	
Ham. Cotton, pref	34	34½			10			35	24	Arr.
Ham. United Theatres	90c					¾	1	2⅞	90c	
Do., pref	65					63	70	72	60	Arr.
Harding Carpets	3½					3⅛	3½	12⅛	2¼	Int.
Hinde & Dauch Paper	10⅝	10½	8½	½	92			16	8½	50c(b)
Holt Renfrew Co							14			
Do., pref	20					17		20	20	
Hunts Candies "A"	4⅛					4⅛	5	11	4	
Do., "B"	5					4½	7	10⅛	5	
Imperial Oil	9½	10¼	9½		1350			15¼	8½	50c
Imperial Tobacco	14	13¼	13¼	¼	2120			16⅛	12	40c(b)
Do., pref	7½	7⅛		¼	700			8	6	6%
Ind. Acceptance "A"	15½	16		+½	10			34	15½	$1.00
Intercolonial Coal	50					50	60	51	50	$6.00b
Do., pref	120					120		120		$8.00
Int. Bronze Powders	16					16½		23⅛	14	$1.50
Do., pref	23½					24½		28	19¾	$1.50
Int. Coal & Coke	30c							30c		Int.
Inter. Metal Ind	9½	9½	9	½	10			15½	5	
Do., pref	103	105		2	30			111	90	Arr.
Do., "A" pref.	104							114	90	Arr.
Inter. Milling, pref	116	115¾		¼	10			116	111½	$5.50
Inter. Nickel	34½	36⅛	34½	+1⅞	3560			47	27½	$2.00b
Int. P. & P., pref	71					71	74	81	51	Arr.
Int. Pete	14½	15⅞	14¼	+1	3680			27⅛	13	$1.00
Inter. Power	3					3	4½	6	2	
Do., pref	88	86½		—1½	30			96	63	Arr.
Inter. Utilities "A"	5¼	7		+1¾	100			11¼	5¼	
Do., "B"	15c	25c	20c	+10c	100			65c	15c	
Jamaica Pub. Service	12½					11	13½	14	12	70c
Do., pref	128						127	160	120	$7.00
Kelvinator	8¼	9		¾	20			9½	5	
Lake of Woods	16	15		1	10			24	11	In
Do., pref	112	112			10			112½	100	$7.
Lang & Sons	11	12		+1	10			17¼	9	70c
Laura Secord	10¼	10	10⅛	—⅛	570			12¼	9	
Legare, pref	6¼	10	8½	+3¼	620			17⅛	2	
Lindsay, C. W.	4¼	4¼			75			5½	2	
Do., pref	48					48	52	55	29	
Loblaw "A"	26¼	27	26⅞	+¼	500			28¼	20	$1.00b
Do., "B"	25¾	26	25¼		220			27	22	$1.00b
Loews Theatres	12					14¼		15	2	
McColl-Frontenac	4½	4¾	4¼		750			9¼	3	
Do., pref	95	96½	95		40			100½	80	$6.00
McKinnon Steel	2					2¼	4	2½	2	
Do., pref	55						75	59	55	Arr.
Maple Leaf Gardens	6					6	10	10	5	
Do., pref	7¼	7¼			75			10½	4	
Maple Leaf Milling	2¼	4	2⅜	+1¼	1193			5¾	1¼	
Do., pref	4¼	4⅞	4	+¾	700			9¼	3	
Massey Harris	3¼	3	3⅛	+⅛	2230			7⅝	2½	
Do., pref	30½	31¼	30	+½	200			59	25	
Mitchell Co., J.S.	47						50	56	43	$2.00
Do., pref	112					112		112	110	$7.00
Monarch Knitting	3					3		6	2	
Do., pref	65					60	75	70	60	$2.00
Montreal Cottons	63	60		—3	2			81	55	$4.00
Do., pref	110					115		120	104	$7.00
Montreal L. H. & Power	28⅛	29¼	28⅛	+¼	1790			31¼	25	$1.50
Do., 3% Notes	49⅞	50		+⅛	500			59	46½	$1.50
Montreal Loan	15					15		15		$1.25
Montreal Telegraph	38						38	45	38	$2.20
Montreal Tramways	52	52			46	50		58	39	$6.00
Moore Corp	47	47¼	47	+¼	400			48	28½	$2.00b
Do., "A" pref	188	188			17			189	144	$7.00b
Do., "B" pref	270					280		282	210	$7.00b
Muirheads Corp	5c					5c	15c	5c		
Do., pref	1.00							1.00		
National Breweries	26¼	27½	26½	+⅞	355			38	25	$2.00
Do., pref	38½	38¼			240			42	32	$1.75
National Grocers	5	5			165			8¼	4¼	
Do., pref	24½	25¾		+1¼	50			26	22	$1.50
Nat. Steel Car	38	38½	38	+½	345			60	34	$2.00
Nat. Sewer Pipe "A"	7					7½	10	10½	5	
Niagara Wire	25	25			20			26	20	$2.00
Noranda Mines	57¼	58	56½	—¾	1300			78	44½	$4.00
North Star Oil	80c					90c	1.00	1.25	75c	
Do., pref	3½					3½	3¾	3½	2	25c
Ogilvie Flour	21	21½	21	+½	1120			33	20	$1.00
Do., pref	150					150		162	140	$7.00
Ont. Steel Prod	9	9½	8½	+½	55			12	7¼	Int.
Do., pref	115						120	115	110	$7.00
Orange Crush	1.00							7¼	1.00	
Do., pref	7½	6½		—1	5			9	6	Int.
Ottawa Electric	16¾					15	16½	16¾	6	Int.
Ottawa Car	9	8¼		—¾	10			13½	6	Int.
Ottawa L.H. & Pwr	11	10		—1	150			16	9¼	$1.00
Do., pref	98						99	113	90	$5.00
Page Hersey Tubes	104	103¾		—¼	175			110	90	$5.00
Pantepec Oils	3¼							6	3	

STOCK	Prev. Close (Week ending Jan. 14, 1941)	High	Low	Price Change	Sales	Bid	Ask	1940-41 High	1940-41 Low	Current Div. Rate
…ans Limited	50	50			10			75	50	$3.00
…, pref	123					121		135	117	$6.00
…Engravers	16	16½		+½	30			21	14	Int.
…Rico Power, pref.	96	96	95½		16			101	95	$7.00
…r Corp	5¼	6	5¾	+⅝	500			11¼	5⅛	Int.
…ed Metals	9¾	9½	9	—½	550			12½	6	$1.00
…e Bros	12½	12½	12⅛	—¼	565			24	9	
…o., pref	68½	70	68	—½	20			80½	59½	$5.50
…bec Power	14⅛	14⅛	14	—⅜	257			17⅛	13	$1.00
…ent Knitting	5¼					4¾	6	9	4⅞	Int.
…o., pref	16					17	18	17	10	$1.60
…erside Silk "A"	16½	17		+½	10			35	16	$2.00
…land Paper	13							19	12½	$1.20
…o. vot. trust	13						13	18½	13	$1.20
…o., pref	95	94		—1	10			116	90	$6.00
…ssell Industries	17	15		—2	100			18	15	80c
…o., pref	150	151			100			190	135	$7.00
…guenay Power, pref	107	104½		—2½	15			108	99	$5.50
…haw. Water & Pwr	16¾	16½	16	—½	3000			22	16	90c
…er. Williams	12	12½		+½	25			15	7	
Do., pref	112	115	110	+3	57			115	106	$7.00
…lverwood Dairy	4½	4		—½	137			6¾	2½	
Do., pref	6	6			135			9	5½	
S…mon & Sons	5½					5½	6½	9	5½	Int.
Do., pref	105½	105½			10			105	100	$7.00
Simpson "A" stock	12					10½	14½	21½	12	
Do., "B"	5	3½	3¼	—½	5			12½	3	
Do., pref	99	100	99	+¾	85			104½	79	$6.50
…mith (Howard) Paper	14½	14¾		+¼	53			26	11½	
Do., pref	98½	101	99½	+2½	121			105	88	$6.00
Southern Can. Pwr	10¼	10½		+¼	15			16	9¼	80c
Standard Chemical	12½	10½		—2	50			15	5	Int.
Standard Paving	65c	90c	75c	+20c	200			3.00	35c	
Do., pref. (new)	3½	2¾		—¾	2			6¾	3	Int.
Stand. Steel & Con., pref	50							50	30	$3.00
Stedman Bros	25	25			5			28½	20	60c
Steel of Canada	67	69¼	68	+½	235			86	61½	$1.75b
Do., pref	72	74	72	+1⅛	165			86	63	$1.75
Sterling Coal	3	3	2		7			4	3	
Stuart Oil, pref	10							12½	10	80c
Supersilk Hosiery	4					3		5	2¾	
Do., pref	72						77	92	72	$5.00
St. Lawrence Corp	2½	2⅝	2½		770			5¾	2	
Do., "A"	17	16¾	16½		130			20⅝	10⅛	Arr.
St. Law. Flour Mills	21							26	16	$1.00b
Do., pref	110	112		+2	5			120	110	$7.00
St. Law. Paper, pref	40¼	40	39½	—¾	125			53½	20	Arr.
Tamblyn Ltd	11	11	10½		210			12	8¾	80c
Do., pref	42	52½		+10½	7			53	42	$2.50
Tip Top Tailors	9¾					9¾	10¼	13¼	9½	60c
Do., pref	104	106		+3	5			110	100	$7.00
Tookes	50c					1	2	3.00	50c	
Do., pref	12					10	15	12	3	
Toronto Elevators	22					21	23	26	16	Int.
Do., pref	45					43	47	49¾	42¼	$2.50
Tucketts Tobacco, pref.	140						145	160	140	$7.00
Twin City	1¾					1¾	2⅞	2¼	1½	
Do., pref	28							28		
Union Gas Co	14	14½	14	+⅛	835			17	12	80c(b)
United Steel	4	4	3½	—⅛	795			6¼	3	
Viau Ltd	3½	4		+½	5			4⅛	1½	
Do., pref	50					45		60	45	$5.00
Wabasso Cottons	29¾	28½	26		9	29		37	22	$2.00
Walker (Hiram) G. & W	45¾	45¾	41	—1¾	480			48	28½	$4.00
Do., pref	20½	20¼	20⅛	—¼	512			20⅞	16	$1.00
Western Canada Flour	1.50	1.30		—20c	40			5	1.25	
Do., pref	25⅛	25⅛	25		31			47	21	
Western Grocers	46					46	50	52	40	$3.00
Do., pref	111						111	113	104	$7.00
West. Kootenay, pref	130					130		135	120	$7.00
Weston's	11	11	10¾		256			15	9½	80c
Do., pref	97	97			80			97	76	$5.50
Wilsil Ltd	18	18			100			36	16	$1.00
Winnipeg Electric "A"	1.05	1.10	85c	—5c	80			2⅝	⅞	
Do., "B"	90c	1.00	60c	+10c	105			2⅝	90c	
Do., pref	8	8	7	—1	56			12	6	
Woods Mfg. Co., pref.	45					50		75	30	Arr.
Wood, Alex. & J., pref	67					71		85	67	$7.00
York Knitting Mills	5¼					5¼	8¼	11	4½	
Zellers	9					8½	9¼	13	8½	
Do., pref	24½					23		25	21	$1.50
BANKS										
Canadienne Nat	146	147		+1	3			165	135	$8.00
Commerce	163	163	162	—1	32			168	135	$8.00
Dominion	195	197	195½		95			216	150	$10.00
Imperial	205	203		—2	9			220	150	$10.00
Montreal	193	191	190	—3	54			210	175	$8.00
Nova Scotia	281	284	281		68			315	217	$12.00
Royal	165	166⅞	165	+1	41			190	150	$8.00
Toronto	247	246	240	—1	38			247	220	$10.00
LOANS and TRUSTS										
Can. Permanent	134	136	134	+2	9			150	117	$8.00
Central Can. Loan	160					135	160	160		$8.00
Chartered Trust	95					75	94	102	90	$4.00
Econ. Invest	22½					22	24	29½	21¾	$2.00
Huron & Erie	54					54	64	74½	54	$4.00
Do., 20 p.c. paid	9½						10	12	9½	80c
Land. Banking & Loan	55					48	55	55	43	$4.00
Nat. Trust	160					150	165	190	160	$8.00
Ont. Loan	107½	105¾		—1¾	10			110	106	$5.00
Toronto Gen. Trust	75¾					75	78	90	70	$4.00
Toronto Mortgage	75	75			3			98	73	$6.00
Real Estate	21	24			11			30	21	$2.00

Record of the Curb Markets

STOCK	Prev. Close	High	Low	Price Change	Sales	Bid	Ask	High	Low	Div. Rate
Aluminium Ltd	113½	113½	110	—3½	190			140	80	Int.
Do., pref	125					107½	123	125	110	$7.00
Bathurst "B"	2.50	2.50			155			5.00	1.80	
Beath Co. "A"	5					2	4	5	3	
Beauharnois	5							6¼	5	
Do., new	9⅛	9½		+⅜	239			10⅛	9	
Belding-Corticelli	80						90	97½	80	$4.00
Do., pref	125					124	125	150	117	$7.00
B. C. Packers	12¼	12¼	10	—2¼	1			18⅞	9	30c
Bright Co., T. G.	4					6½		6¼	4	$6.00
Do., pref	90					90		90	89	$6.00
Calgary Power, pref	101½	102		+½	5			102	92	$1.50
Can. & Dom. Sugar	26⅞	27		+⅛	495			35	23½	Int.
Can. Bud Breweries	4½					4½	5⅛	6	3¾	$1.50
Canada Malting	36½	38		+1½	75			40	21	
Canada Paving pref	25c						25c	25c		
Can. Vinegars	7¾	7¼	7	—¾	201			12	5	20c
Can. Starch	7	8		+1	150			8	6½	Int.
Do., pref	109	109	107	2	10			110	107	6%
Can. Industries "B"	207	207	206½	—½	41			235	159	$7.00
Do., pref	176					167	178	177	159	$7.00
Can. Gen. Investment	7⅛	8¼		+⅜	25			9½	6	50c
Can. Int. Invest. Trust	20c					20c	50c	30c	10c	
Do., pref	45	48		+3	10			48	30	Arr.
Canadian Light	15	15	12	—3	4			20	12	$1.00
Canadian Marconi	85c	85c			30			1.40	65c	Int.
Can. Nor. Power, pref	95¼	95¼	95	—¼	50			111½	90	$7.00
Can. P. & P. Invest	50c	50c	25c	—25c	3			1.25	25c	
Do., pref	2⅛	2⅛	1¾	—⅜	1			5	2	
Can. Vickers	3					3	3¼	6¼	2	
Do., pref	13	14½	12	—1	61			20	7¾	
Can. Westinghouse	46						48	52	39	
Catelli Food Prod	9½					7	10	18	8¼	Int.
Do., pref	12					10	14	14½	10	70c
City Gas & Electric	10c					30		1.00	5c	
Cons. Sand & Gr., pref	75					75	90	75	55	
Claude Neon	10c					10c	20c	15c	3	
Com. Alcohol	1.90	1.95		+5c	200			3.55	1.55	Int.
Com. Alcohol, pref	6	6			85			7⅛	5	40c
Con. Div. Sec	8					1	8	10	5	
Do., pref	8					7½	11	11	7	
Consol. Paper Corp	4	4	3¾	—¼	2085			6⅞	3⅛	
Consol. Press Ltd	4					3¾	4⅞	10	3¼	
Corr. Paper Box, pref	40					30	40	68	40	
Crown Dom. Oil	1¼					1¼		3	1¼	
Celtic Knitting	1.60					1.60	3.00	2.50	1.50	
Cub Aircraft	90c	1.00		+5c	600			4.00	75c	
Davis & Frere "A"	10½					10¼	12	19	9¾	$6.00b
David & Frere "B"	2¾					1½	2¾	3¼	1	
Dehaviland Aircraft	10						11½	17	6½	
Do., pref	75							92	75	
Disher Steel	1½					1½	2	3½	½	
Do., pref	15½					10	16	15½	10	
Dom. Engineering	30					16½	30	41	20	
Dom. Oilcloth	30¼					29½	30½	35	29½	$1.20
Dom. Square	1¾					1½	2¾	4¾	1¼	
Donnacona Paper "A"	5⅛	5¾		+⅜	1265			10	3½	
Do., "B"	4¾	5⅛		+⅛	225			8¾	3	
Eastern Dairies, pref	9½	9½	8	—½	75			11¼	3	
East. Kootenay, pref	7					7	10	7	5	
Fleet Aircraft	5¼	5¾		+½	435			10⅛	3½	
Fairchild Aircraft	3	3	2½	—½	325			6½	2	
For. Pow. Sec	15c					15		20	5	
Fraser Coy's	8½	9		+½	20			20	6	
Do., vot. trust	10	10⅛	9½	—½	815			21¾	4½	
Freiman's Ltd., pref	42	42	41	—1	2			42	21	
Hillcrest Collieries	25c					10c	1.00	1.00	25c	
Do., pref	2½					2½	4	4	2	
Honey Dew new	16	17¼		+1¼	6			25	15½	
Humberstone Shoe	18					14	19	18	10¼	
Hydro-Electric Sec	2½					¾	1¾	2⅛	2½	
Int. Paints	2.12	2.12	2.00	—12c	10			3.50	1.00	
Do., pref	15					13¼	20	18	11	$1.00b
Intercity Baking	25						33	36	25	Int.
Interstate Royalty "A"	*						10			$1.12
Do., "B"	*						4			
Langley Ltd., pref	13½					13	15	26	13	Arr.
Lake St. John P. & P	10	11			92			28	9	
Lake Sulphite Pulp	85c	85c	75c	—10c	20			2.00	65c	
Maritime Tel & Tel	15					16¼		17½	15	70c
Do., pref	16					16⅜		17½	16	70c
Melchers	75c	1.00		+25c	12			1.65	75c	
Do., pref	5⅛	5⅛			85			6½	3⅛	
Mercury Mills	6¼							6½	3⅛	
Do., pref	28							30¼	22¼	
Montreal Is. Power	25c					25c	50c	25c	10c	
Mont. Ref. & Str. V.T.	16c					50c	85c	75c	16c	
Do., pref	10¼					10		10¼	6	
MacLaren P. & P.	15⅜	15⅝	15⅜	—¼	425			21½	9	
MacKenzie Air Service	1.00	1.00			600			1.05	10c	
Noorduyn Air	3½					2	3	6	3	
Nova Scotia Light	87	87	86	1	21			93	86	$6.00
Do., pref	106					106		107½	100	$6.00
Ont. Silknit, pref	45					30	45	45	19	
Paton Mfg	40					25		40	30	Int.
Do., pref	115	115			30			115		$7.00
Power Corp. pref	95	98		1½	50			100¼	89	$6.00
Do., 2nd Pref	42½	43		½	43			47½	40	$6.00
Provincial Transport	6⅞					6¾	7	7¼	4	40c
Quebec Telephone	4					4	4½	4⅞	4	
Reliance Grain	3					4½	8	10	1	
Do., pref	66					60		66	44	
Robert Mitchell	9¼	9½		¼	125			15½	5¾	
Robert Simpson, pref	130					132	140	130	126	6%
Rogers-Majestic Radio	4	4½	3½	½	1085			4½	¾	
Sangamo	38					34½	37	38	30	$1.00
Sarnia Bridge "A"	8					6½	14	13¼	4⅛	
Do., "B"	1½					1	2¼	2⅛	1½	
So. Can. Power, pref	103½	104	102½	½	19			112	92	$6.00
Stand. Clay Prod	25c					1½	3½	1.00	25c	
Supertest Petroleum	40¼					25		40¼		$1.00b
Do., V. T.	22						31	34½	20	$1.00b
Stop & Shop	25c						20c	25c		
Thayers, pref	25					20	35	38	20	Arr.
Do., com	3					1¼	6	3		
Thrift Stores	2.00					2	3	3.00	30c	
Do., pref	9					9	11	12	6	
United Fuel, pref	39							41⅛	30	
United Fuel "A"	7							7¼	6⅛	
Do., "B"	4½							10	3¾	
United Sec	5½					4¾	7	5¾	2½	
Unit. Amusements "A"	13					13		13½	10½	
Do., "B"	13					13		13½	11⅛	
United Distillers	70c					60c	80c	80c	60c	
Walkerville Brewery	75c					65c		1.25	50c	

Int.—Interim dividend. *Latest Bid. (b) Plus Bonus. (Arr.)—a/c of arrears.

Unlisted Canadian Stocks

(Furnished by Plaxton, Cherry & Co., Toronto)

Industrial & Miscellaneous Stocks—	Bid	Asked
Acme Farmers 7% Pref.	$35.00	$39.00
Adirondack Foundries & Steel Common	13.00	....
Allens Kingston Pref.	62.00	65.00
Allens St. Catharines Pref	52.50	55.00
Allens Tor. 7% Pref. Bonus Common	32.50	35.00
Andian National Corp.	27.50	28.50
Anglo-Can. Tel. "A"	8.25	8.75
Atlas Steels Ltd. 1st Pref	105.00	106.50
Atlas Steels Ltd. Com.	19.00	21.50
Blue Top Brewing "A"	9.00	9.75
Blue Top Brewing "B"	6.00	6.75
B.C. Pulp & Paper Com.	16.50	17.50
B.C. Pulp & Paper Pref.	69.00	73.00
B.C. Sugar	76.00	78.00
Brandram-Henderson Com	2.00	3.50
Brown Co. Com. (when issued)	1.00	1.60
Burns & Co. Ltd. "A"	3.00	3.75
Burns & Co. Ltd. "A"	1.50	2.25
Calgary Power Pref.	102.50	104.50
Can. Airways	1.35	2.00
Can. Colonial Airways	3.00	3.65
Can. Co-op Wool Growers	6.50	7.75
Can. Gen. Electric Com.	206.00	219.00
Can. Gen. Invests.	8.25	8.75
Can. Gen. Rubber Pref.	19.00	....
Can. Goodrich Com.	1.50	....
Can. Industries Ltd. "B" Common	205.00	208.00
Can. Industries Ltd. "A" Common	208.00	211.00
Can. Industries Ltd. 7% Preferred	174.00	176.00
Can. Ingersoll Rand Com.	77.00	79.00
Can. Investment Fund	3.45	3.80
Can. Investors Corp.	5.50	6.50
Can. Motor Lamp "A"	2.90	3.75
Can. Tube & Steel Com.	4.00	5.50
Can. Tube & Steel 1st Pf.	89.00	93.50
Can. West. Lumber	.30	.65
Can. West. Nat. Gas Pref	103.00	105.50
Can. Westinghouse	44.00	46.00
Can. Wire & Cable, Pref.	106.00	108.00
Capital Wire Cloth Pref.	18.50	21.50
Chase, A. W. Units	18.25	20.00
Claude Neon 7% Pref.	5.50	6.75
Colonial Steamships Com.	16.50	18.00
Cons. Div. Std. Sec's Pref	7.75	9.25
Corrugated Paperbox Com	.60	1.00
Dover Industries Ltd.	7.50	8.25
Dunlop Tire Pref.	24.00	24.75
Eastern Bakeries Pref.	29.00	33.00
Eastern Steel Prods Pref.	20.00	21.50
Easy Washing 7% Pref.	10.00	10.75
Easy Washing Com.	2.85	3.25
Federal Grain 6½% Pref.	29.25	31.30
Federal Grain Com.	.75	1.35
Goderich Elevator	7.25	8.00
Great Lakes Pow. 7.00 Pf	102.00	105.00
Guelph Carpet Com.	22.50	24.50
Gurney Foundry Pref.	1.25	1.45
Hart Battery Com.	6.00	7.50
Hayes Steel Com.	9.75	10.35
Highland Dairy Pref.	47.50	52.00
Holt Renfrew Com.	2.00	....
Imperial Varnish Com.	8.00	10.50
Ind. Biscuit Co. Pref.	14.00	....
Indust. Accept. Pref.	81.00	86.00
Inglis, John, Com.	5.90	6.00
Inter. Equities Ltd. Units	20.00	....
Intern. Nickel 7% Pref.	146.00	158.00
Inter. Utilities 1.75 Pref.	17.50	19.50
Inter. Utilities 3.50 Pref.	39.00	....
Invest Found Pref. Bonus	42.00	44.50
Kingston Shipbuild. Units	26.25	29.00
Loblaw Inc. Com.	12.50	13.00
Loew's London 7% Pref.	2.75	3.25
Mansfield Th. 7% Pref.	28.00	30.50
Marcus Loew's Ltd. Com.	17.00	20.00
Marcus Loew's Ltd. 7% Preferred	105.00	110.00
Mersey Paper Com.	5.00	7.00
M. & O. New Com. (when issued)	4.25	4.65
Moirs Ltd. 6% Pref.	19.00	22.00
Mont. Aircraft Ind. Com.	1.65	2.75
Mtl. Isl. Power 6% Pref.	20.50	....
Morrison Brass Pref. Bon.	4.00	5.75
Morrow Screw Nut 7% Pf	100.00	103.00
Mt. Royal Hotel Pref. (Old)	4.00	5.00
Mt. Royal Hotel New Com	2.25	2.85
Murphy Paint Units	99.00	100.50
Murphy Paint 5½% Pref.	91.00	95.00
Nat. Hosiery Mills Com.	.75	.95
Wm. Neilson Pref.	102.25	105.00
New Brunsw. Tel. Com.	10.75	11.75
New Meth. Ldry 6½% Pref. Bonus	47.00	51.00
Niagara Lower Arch Bridge Com.	39.00	45.00
Norbeau Mines (Quebec)	26.50	30.00
Nor. Ont. Power Pref.	81.00	....
North. Amer. Elev. Pref.	51.00	....
N.S. Light & P. Com.	85.00	....
N.S. Light & P. Pref.	106.00	110.00
Ont. Tobacco 7% Pref. Bonus	15.50	17.00
Pac. Coast Term. Com.	9.00	10.75
Provincial Bank	103.00	105.50
Prov. Paper Pref.	105.50	107.00
Quebec Pulp & Paper Pfd	2.60	3.50
Reanite Corp.	4.50	6.00
Reliance Grain 6.50 Pref.	62.00	65.00
Robertson P. L. Mfg.	103.50	....
Ruddy E. L. 7.00 Pref.	22.00	25.00
Seal-O-Sac	1.00	2.00
Sec's. Hold. Corp. 6% Bonus	18.75	20.00
Standard Fuel 6½% Pref	60.00	64.00
Standard Fuel Com.	1.00	2.00
Standard Tube Com.	5.00	10.30
Standfield's Ltd.	103.50	....
Stedman Bros. Pref.	56.50	59.00
Sutton Horsley	.85	1.00
Toronto Carpet Com.	38.00	41.00
Toronto Carpet Pref.	62.00	69.00
Traders Fin. "A" 6½ Pref	93.00	95.50
Trader Fin. "A" & "B" Inc. Rts.	14.00	15.75
Trader Fin. "A" & "B" Common	10.50*	11.00
United Amusement "A"	13.10	....
United Corps. "A"	20.75	22.00
United Corps. "B"	5.00	6.00
United Farmers Co-op. L.	2.50	3.15
United Steel "A" Pref.	23.50	25.00
Viceroy Mfg. Pref.	23.50	25.25
Waterloo Mfg. New Com.	1.10	1.50
Wentworth Radio Pref.	1.00	....
West. Can. Hydro Partic. Preferred	11.00	12.00
Western Grain 6½% Pref Bonus	5.50	6.50
Woods Mfg. Ltd. Com.	4.00	5.75
York Trading Com.	7.00	8.50

Supplementary Bonds

Supplied by Plaxton, Cherry & Co., Toronto As at January 14th

Miscellaneous Corporation Utility and Realty Bonds	Bid	Ask.
Acadia Sugar 6%, 1954	98½	100½
Alg. Cent. H.B. Rly 5%, 1959(F)	6⅞	7⅞
Balfour Bldg. 6%, 1943 (F)	36	38½
B. C. Power 4½%, 1960	99¾	101¾
xaB. C. Pulp 6%, 1950	89½	91½
xaB. C. Pulp 7%, 1950	117½	
Burns & Co. 5%, 1958	56½	58½
Can. Electric 4½%, 1965	96	98
Colonial Steam. 6%, 1954	96	99
Dom. Coal 4½%, 1952	99¾	102¼
Dom. Scott. Inv. 4%, 1952	93¾	95¾
Dom. Square 4%, 1959	58	61
Dom. Woollens 6%, 1953	95	97
xDryden Paper 6%, 1949	99	101
Duff. Paving 5%, 1955	48¾	51¾
Galt Brass 5%, 1950 ex. stk.	77½	
Gen. Brock Hotel 3%, 1954	25½	29½
Gen. Steel Wares 4½%, 1952	99	101
Godfrey Realty 4%, 1952 W.S.	49½	52½
Great Lakes Pwr. 4½%, 1956	99	101
Great Lakes Pwr. 5%, 1957	96	98
Great West Saddlery 6%, 1949	100¼	103¼
oGurney Foundry 5½%, 1949	67½	70½
Gypsum Lime & A. 5½%, 1948	98½	100½
Ham. By-Prod. Coke 5%, 1955	101¾	103¾
Ham. By-Prod. 6%, 1956	99	102
Ham. Cotton 4½%, 1950	100¼	103¼
eInd. Accept. 4%, 1952	85¾	87¾
xInvest. Bond & Share 5%, 1947	51½	53½
King Edward Hotel 7%, 1944	5	7
Kingston Elevator 6%, 1950	104¾	106¾
Legare 6%, 1961	86	88½
Lord Nelson 4%, 1947	48	51
Lower St. Law. Power 5%, 1955	98½	100½
Man. Sugar 5%, 1960	97½	99½
Maritime Elec. 4½%, 1956	99½	102½
Massey Harris 4¼%, 1954	93½	95½
McCormick's Ltd. 4%, 1952	95¾	97¾
McCormick's Ltd. 4½%, 1952	103	
Mercury Mills 5%, 1959	91½	94
xM. & O. Paper New (when iss.)	78	80
Moirs Ltd. 6%, 1953	78½	
Mun. Bankers (1931) Ltd. (F)	9⅛	10⅛
Ontario Building 3%, 1943	33	36
xProvincial Paper 5½%, 1947	105½	107½
Reliance Grain 4½%, 1952	93½	96½
Ruddy, El, 6½%, 1948	101¼	104¼
St. Maurice 4½%, 1970	101	103
eShawinigan 3½%, 1946	101¼	103¼
Silverwoods 6%, 1966	95½	97½
Simpson's Ltd. 4½%, 1951	101	103
Sterling Coal 6%, 1945	96¾	99¾
Stop & Shop 3%, 1947	61	63
United Corp. 5%, 1953	91½	93½
United Towns Elec. 5%, 1958	99¼	102¼
xWest Can. Hydro 6%, 1950	101¼	103¼
Windsor Essex & Lakeshore Rly 6%, 1959	30	33
Municipal Bonds		
City of Windsor 1½%, 1975	41¼	46¾
City of Windsor 2%, 1975	53¼	56¼
City of Windsor 3¼%, 1975	73¾	75¾
City of Windsor 4%, 1975	85½	87½
Town of Riverside	26	29
Township of East York	96¼	98¼
Township of Sandwich E	16	19
Township of Scarborough	96	99
Township of York	96¼	99¼

x-Payable U.S. & Can. Funds. o-Payable U.S. Funds only. F-Traded without accrued interest. e-Convertible into stock. a-Issue carries arrears of interest.

Canadian Active Bond Prices

The following quotations are furnished by The Investment Dealers Association of Canada as at January 15th, 1941.

GOVERNMENT BONDS

1940-41 High	1940-41 Low		Int. Rate	Due	Payable	Maturity	Bid	Ask.
104¼	99	Dom. of Canada Bonds	2	JD	C	June 44	100½	101¼
102	101¼	" "	2½	JD	C	June 43	102	102¾
103¼	102¼	" "	3	AO	C	Oct. 42	102⅝	103⅛
98⅜	99⅛	Dom. of Can. (2nd War Loan)	3	AO	C	Oct. 49-52	98⅛	99⅛
98¼	94⅛	Dom. of Canada Bonds	3	JD	G	June 50-55	98¾	99¾
97½	93¼	" "	3	JD	C	June 53-58	97⅝	98⅝
89	87	" "	3	MS	G	Sept. Perps.	89	90
102⅛	99⅜	" "	3¼	JD	G	June 46-49	102⅛	103⅛
100⅞	99	" "	3¼	MN	C	Nov. 48-51	100⅞	101⅞
101	99	Dom. of Can. (1st War Loan)	3¼	FA	C	Feb. 48-52	101	102
100	96	Dom. of Canada Bonds	3¼	JD	C	June 56-66	100	101
102⅝	100¼	" "	3½	AO	C	Oct. 44-49	102⅝	103⅝
106¼	104⅝	" "	4	AO	C	Oct. 43-45	105¼	106¼
105⅝	103½	" "	4	AO	C	Oct. 47-52	105⅝	106⅝
109¾	108⅛	" "	4½	AO	C	Oct. 44	108⅝	109⅝
110⅛	108⅝	" "	4½	FA	C	Feb. 46	109½	110½
109¾	105⅞	" "	4½	MN	C	Nov. 46-56	107½	108½
108¼	106⅛	" "	4½	MN	C	Nov. 47-57	108	109
109	106⅞	" "	4½	MN	C	Nov. 48-58	108¾	109¾
109¾	107⅛	" "	4½	MN	C	Nov. 49-59	109½	110½
105¾	103	" "	5	MN	C	Nov. 41	103	103¾
110½	108⅜	" "	5	AO	C	Oct. 43	108¼	109

RAILWAY AND NAVIGATION BONDS

High	Low		Rate	Due	Payable	Maturity	Bid	Ask.
97	86	Canada Steamships	5	JJ2	C	Jan. 57	97¼	95½
98½	90	Canadian Pac. Railway	4½	JD15	C	Dec. 44	98	100
103	100¼	Canadian Pac. Railway	6	MS15	C	Mar. 42	103	105½
92⅞	82	Canadian Pac. Railway	3	AO	C	Oct. 45	92½	95
115	110¼	Can. Nat. Rly. (Dom. Guar.)	4½	MS	CNL	Sept. 51	115	116¼
117¼	113½	Can. Nat. Rly. (Dom. Guar.)	4¾	JD15	CNL	June 55	117½	118¾
119	115½	Can. Nat. Rly. (Dom. Guar.)	5	JJ	CNL	July 41-69	114¾	116
98¾	95¾	Can. Nat. Rly. (Dom. Guar.)	3	JD15	C	Dec. 45-50	98¾	99¾
97	92¾	Can. Nat. Rly. (Dom. Guar.)	3	JJ15	C	Jan. 54-59	97	98

PROVINCIAL AND MUNICIPAL BONDS

PROVINCIAL

1940-41 High	1940-41 Low		Rate	Maturity	Price	Asked
74.00	60.00	Alberta	6%	1 Mch. 1947	71.00	77.00
69.00	52.00	z Do	5%	1 Oct. 1959	66.00	72.00
107.00	98.00	British Columbia	6%	15 Feb. 1947	104.00	108.00
105.50	94.00	Do	5%	1 Sept. 1953	103.00	108.00
102.00	82.00	* Do	4½	1 Oct. 1953	100.50	105.00
101.00	99.50	Manitoba	6%	1 Apr. 1947	99.50	104.50
95.00	83.00	* Do	4½	1 Oct. 1951	91.00	96.00
107.00	96.00	New Brunswick	5½	15 May 1950	103.50	108.00
103.50	92.00	* Do	4½	15 Apr. 1961	99.00	103.50
106.25	98.50	Nova Scotia	4½	15 Sept. 1952	105.50	109.50
111.25	108.00	Ontario	5½	1 July 1946	111.25	114.25
108.75	106.00	Do	4½	1 June 1950	108.50	112.00
107.00	99.00	z Do	4%	1 June 1971	107.00	112.00
107.50	100.00	zOntario (Hydro Elec. Pwr. Comm.)	4%	1 Aug. 1957	107.50	111.50
115.00	108.00	z Do	4¾	1 Jan. 1970	115.00	120.00
96.50	93.00	Prince Edward Island	3%	1 Oct. 1945	96.00	99.50
102.50	97.50	Quebec	4¼	1 Aug. 1958	100.00	101.50
76.00	67.00	Saskatchewan	4%	15 Aug. 1953	75.00	80.00
92.00	79.00	Do	6%	15 Mch. 1952	90.50	95.00
84.00	71.00	Do	5%	1 Aug. 1958	84.00	89.50

MUNICIPAL

High	Low		Rate	Maturity	Price	Asked
93.00	90.00	Charlottetown	3½	1 Jan. 1952	93.00	96.50
105.50	99.00	*Halifax	4½	1 Jan. 1952	103.00	107.00
102.50	96.00	Hull	5½	1 May 1952	100.50	106.00
100.50	95.00	Levis	5%	1 Mch. 1954	98.00	104.00
105.50	98.00	Moncton	5%	2 July 1954	102.50	108.00
99.00	89.00	Montreal	5%	1 Mch. 1945	96.00	101.00
106.50	106.00	*Ottawa	4½	1 July 1949	106.50	110.50
105.00	102.00	*Quebec	5%	1 June 1959	105.00	110.00
102.00	92.50	*Saint John	4½	15 Apr. 1971	99.00	103.50
88.50	82.00	St. Lambert	4-4½	1 May 1967	88.50	93.00
103.00	99.00	Sydney	5%	1 Aug. 1941	102.00	108.00
106.00	98.00	Three Rivers	4½	1 Nov. 1958	98.00	103.00
98.00	85.00	vVancouver	5%	15 Jan. 1970	96.00	101.00
100.00	94.00	Westmount	4%	1 May 1954	97.50	102.50
76.00	62.00	Windsor	3¼	31 Dec. 1975	73.00	77.00
101.00	93.00	*Winnipeg	4½	1 Apr. 1961	101.00	105.00

*Payable Canada and New York. vPayable Canada and London.
zPayable Canada, New York and London.

CORPORATION BONDS

Utilities	Bid	Ask.
A. T. and T. 5½, 1955	71	76½
Bell Telephone 5, 1957	121½	124½
Bell Telephone 5, 1960	121½	124½
B. C. Telephone 4½, 1961	107¾	..
Calgary Power 5, 1960	106	..
Calgary Power 5, 1964	102½	..
C. N. Power 5, 1953	104	106
D. G. and L. 6½, 1945	102½	105½
Gatineau Power 3¾, "A"	98	100
Do., "B" 3¾, 1949	98	100
Do., 5, 1949, Ex. Wts.	102	104½
Int. Hydro-El. 1944	65½	68
Int. Power 6, 1955	100½	103½
Int. Power 6, 1957	93½	..
Int. Power 6½, 1957	98½	..
McLaren 4, 1969	98	100
Mar. T. and T. 4, 1967	99½	103
M. Is. Power 5½, 1957	108	
M. Tram. 5, 1942	93½	96
M. Tram. 5, 1955	66	68
M. Tram. 4½, 1955	59	62
Nfld. and P. 4½, 1956	99	..
Nfld. and P. 5, 1956	98	
N.S.L. and P. 4, 1957	101	104
Ottawa Power 4, 1957	101½	..
Ottawa V.P. 4, 1964	100	
Ottawa V.P. 5, 1959	102½	105
Que. Pow. 4, 1962	100½	103½
Saguenay Power 4½, 1966	106	109
Shawinigan 4½, 1967	107	109½
Shawinigan 4, 1961	101¾	103¾
United Securities 5½, 1952	60	63
Winnipeg E. "A" 4-5, 1965	70½	72¾
Do., "B" 4-5 1955	49½	52
Industrial—		
Abitibi 5, 1953	68½	70½
Abitibi 5, 1953	64½	66½
Alberta Pac. G. 6, 1946	98½	101
Algoma Steel 5, 1948	101½	104
Brand, Henderson 6, 1948	49	52
Brown 5½, 1946	49	51½
C. Canners 4, 1951	100½	103

	Bid	Ask.
C. Cement 4½, 1951	103½	106
Can. P. & P. Inv. 1958	73	
C. Inter. Paper 6, 1949	101½	103½
Can. Loco 6, 1953	90	93
C. Vickers 6, 1947	58½	61½
C. P. 5½, 1951 exs	66½	68½
D.S. and C. 1956	107½	110½
D. Tar 4½, 1951	100½	103½
Donnacona Paper 4½, 1956	75	78
Eastern Dairies 6, 1945	82	85
Famous Players 4½, 1951	100	103
Federal Grain 6, 1969	98	100½
For. P. P. Sec. 6, 1969	19	
Fraser Co. 6, 1950	99	101½
G. L. Paper 5, 1955	93	95
Int. C. Baks. 5, 1948	101	
L. St. P. 5½, 1961	90	93
Lake St. J. 5, 1961	67¾	70¾
Maple 4½, 1949	74	77
McColl 4½, 1949	101	103½
Mersey P. 5, 1957	97½	100½
Mersey P. 6, 1949	99	
M. and O. P. 1947	54½	56½
Mont. D. D. 6, 1948	40	43
N.S. and C. 3½, 1968	85	88
Price Bros. 5, 1957	96	99
Price Bros. 4, 1957	84	87
Restigouche 6, 1948	98½	101
Rolland Paper 4½, 1951	102	105
Smith H. 4¼, 1951	103	105
United Amusement 5, 1956	100	
United Grain G. 5, 1948	97	99½
United Grain G., 1949	99	101½
Western Grain 6, 1949	50	53
Real Estate—		
Alex. Bldg. 6, 1947	35	..
Acadia Ap. 4, 1959	43	..
Montreal Apr. 1st 4, 1954	58½	..
Insurance Exchange 3, 1951	40½	..
Quebec Apr. 5, 1950	75	..
Sherbrooke St. 3½-1952	44	..
Sr. C. 3-3½-4, 1967	44	..
Wilder 6, 1953	44	..
Wind. H. 4½, 1953	55½	58½

Investment Trusts

Compiled by A. M. Kidder & Co.

	Bid	Ask.
Can. American Trust	2¾	3¼
Can. International Trust	4¼	5½
Commonwealth Int. Corp.		3.15
*Div. Trust Shares "C"	3.35	
* Do., "B"	5.15	5.80
*United Fixed	2.30	
*Affiliated Funds	2.69	2.94
Distributors Group Inc.		
Nor. Amer. Trust Shares 1953	1.98	
Do., 1955	2.48	
Do., 1956	2.43	
Do., 1958	2.01	
Cumulative Trust Shares	4.30	4.40
American Depositor Corp.		
*New Corp. Trust Shares Accum	2.55	2.58
* Do., Distrib	2.15	2.18
*Old Corporate Trust Shares	2.21	2.24
Calvin Bullock Issues		
Canadian Investment Fund	3.40	3.80
*Bullock Fund	12.77	13.99
*Dividend Shares	1.12	1.23
*U.S. Elec. Light & Pwr. "A"	14⅞	
* Do., "B"	1.90	
* Do., Voting	.87	.95
*Nation Wide Securities "B"	3.46	
* Do., Voting	1.09	1.23

*U. S. funds.

	Bid	Ask.
Spooner	4	..
Spy Hill	⅝	1
Sunset O.	10½	
Three Pt	2½	
Turner V	15	
Unit Oils	4	6
Vulcan	30	
Vulc. Brn		25
Westflank	1½	2½
York	..	3½
UNLISTED		
Cal & Ed	143	
Coronation	9	12
Eastcrest	3¼	6
Foothills	70	
Freehold	1	2
Leth P	1¼	1¾
Mar-Jon	1½	
Madison	1½	
Royalite	20	..
Southwest	22	..
Sundance	7¼	..

Calgary Oils

Reported by James Richardson & Sons (Quoted in cents)

	Bid	Ask.
Admiral	5	6½
Alb. Pac. C	7½	..
Anaconda	4	5
Ang. Cdn	70	75
Brit. Dom	8	..
Brown	8	
Calmont	24	30
Command	16	20
Commoil	24¼	
Com. Pete	21	25
Dalhousie	28	
Davies P	16	
Ext. Roy	15½	16½
Firestone	4½	5
Foundation	5	
Globe Roy	2	4
Grease C	1¼	2
High Sar	14½	16
Home	245	
McD. Seg	6	
Mercury	4¼	4½
Mill City	4½	
Model	15	17½
Mon. Roy		5½
Nat. Pet	5	
Okalta	77	
Phillips P	4	7
Prairie R	8	
Richfield	½	1½
Roy Cdn	12	15
Roy Crest		9
Share R	2½	5

Joy Action Against McColl Frontenac Oil is Dismissed

Judgment was given in Superior Court in Montreal by Mr. Justice Alfred Savard dismissing the action taken by the Joy Oil Company, Limited, against the McColl-Frontenac Oil Company, Limited, for $49,932.

The judgment was given on an inscription in law by the defendant company alleging that action had been prescribed by the lapse of two years. No issue arose as to dates, but the plaintiff company held it had the right to sue, irrespective of the prescription, pleading that 'although at the time the damages claimed herein were suffered by the plaintiff, and it suspected they were caused by the illegal acts of the defendants, it was only in the month of December, 1939, that it learned that the said damages were due to the acts and deeds of the defendant, as alleged herein."

The Financial Times reaches a class of people who are interested and able to buy investment securities.

Market Averages and Volume

MONTREAL STOCK EXCHANGE—

	Industrials	Utilities	Combined	Papers
Wednesday, January 15, 1941	65.5	53.9	61.6	79.72
Week ago	65.3	54.1	61.1	80.68
Year ago	87.7	67.3	80.9	138.05

TORONTO STOCK EXCHANGE—

	Industrials	Golds	Base Metals	West. Oils
Wednesday, January 15, 1941	102.54	108.67	68.98	21.39
Week ago	101.79	108.61	67.85	21.38
Year ago	123.02	119.50	86.37	31.70

NEW YORK STOCK EXCHANGE—

	Industrials	Railroads	Utilities	Combined
Wednesday, January 15, 1941	62.7	17.1	35.4	44.3
Month ago	61.9	15.6	34.3	43.2
Year ago	70.6	18.8	39.4	49.7

SHARE VOLUME—	Week to January 15	Previous Week	Total to date 1941	Total to date 1940
Montreal Stock Exchange	117,700	130,450	248,500	1,139,000
Toronto Stock Exchange	2,235,000	1,517,000	3,750,000	6,240,000
New York Stock Exchange	3,310,000	3,309,000	6,624,000	7,837,000

NEWS OF MINING AND OIL SECURITIES

MINING IN FAR NORTH EXPECTED TO BOOM AGAIN

Reopening of Giant Property at Yellowknife Indicates Wider Developments

TUNGSTEN AND MERCURY

Edmonton. — With the announcement of the early re-opening of the Giant mines of the Bear Exploration and Radium Limited at Yellowknife, a real boom in northern mining operations can be expected soon, L. E. Drummond, president of the Alberta and North-West Chamber of Mines, stated here.

The B.E.A.R. properties at Yellowknife shut down last July when a general slump hit gold mining operations in the far north, but the valuable part that gold must play in the successful prosecution of the war was stressed recently by prominent government spokesmen, and renewed activity of already developed properties has been foreseen for some time.

The Giant property is expected to go back into production this month. Mercury properties at Wray Lake 150 miles north of Yellowknife, are also expected to reopen soon, Mr. Drummond said. This is also a gold producing field.

The mining chamber president also predicted that the Tungsten company at Gilmour Lake will start activity again in a short time. This firm will be engaged in the production of industrial tungsten for war purposes.

Early Production Expected

Completion of financing arrangements which will bring the property to Giant Yellowknife Gold Mines into production on a 25-ton daily rate by August of this year was announced by company officials over the weekend. First step towards preparing the mine for further development will be the sinking of a 150-foot vertical shaft from which a crosscut will be put out to the high-grade showing, already opened up by drifting from an inclined shaft for a length of over 200 feet. Equipment for the initial mill installation should reach the property in June, and production should be commenced shortly thereafter, company officials intimate. C. L. Hershman, mine manager, reports that millfeed can be supplied at the rate of 25 tons a day with an average grade of 4 ounces per ton from the showing as opened up to date. Sampling in the 12-inch quartz vein has given values ranging up to 7 ounces a ton, and Mr. Hershman believes that a 4-ounce average grade can be maintained over stoping widths for the small mill.

Returns from bullion production will be used to finance further lateral and depth development on the Giant Yellowknife vein structure which extends for a length of several miles on surface across the company's large property. In addition, the parent company, Bear Exploration, plans to utilize its income from the Giant production to develop some of its 11 controlled properties in the Yellowknife area. Most important of these are the Burwash Yellowknife group, adjoining the producing Con mine, and the Yellorex group, adjoining the producing Negus mine. The former property, the initial staking in this area, was developed by a shaft to 150 feet, but the original high-grade vein was lost at 40 feet. Company officials believe that underground diamond drilling will be able to pick up this vein at depth, and outline high-grade ore for shipments to the Giant mill.

Chesterville Larder Cuts High Grade Intersection

Toronto Bureau The Financial Times

Toronto—High grade ore has been intersected in a diamond drill hole on the 4th level at Chesterville Larder Lake Gold Mining Co. and crosscuting is being resumed to investigate the rich intersection, it is learned officially. The drill hole put out for 196 feet northwest of the end of the 401 crosscut returned four sections, one of which is the downward extension of the F orebody. From 10 to 27 feet the core assayed .316 oz. cut or 2.333 ozs, uncut with considerable visible gold in evidence. Between 88 and 93 ft. a value of .50 oz. was obtained, from 103 to 108 ft. value ran .21 oz., while from 155 to 165 feet the core assayed .73 oz. This last intersection is the F orebody. As soon as the hole is completed driving of the 401 crosscut will be resumed to investigate the high-grade intersection.

Production for December is officially reported at $131,216 from the treatment of 19,537 tons of ore, indicating an average recovery of $6.72 per ton. Comparative figures are not available as the company only issues results by quarters. The company's fiscal year was brought to a close on Dec. 15, last, and results are now being checked in preparation for presentation in the annual report which is expected to be issued late next month.

YMIR YANKEE GIRL GOLD

Vancouver. — Dividend action by Ymir Yankee Girl Gold Mines will await submission of full particulars of the operation to the Foreign Exchange Control Board, including preparation of a special report by a consulting engineer. The annual meeting in December approved a 2c distribution subject to the approval of the Foreign Exchange Control Board.

PEND OREILLE MINES

Vancouver, — Zinc concentrates, representing the major part of the output of Pend Oreille Mines and Metals, have been going forward throughout the past year without interruption. It has been necessary until recently to store lead concentrates due to a labor strike at the Selby smelter in San Francisco. Shipments of lead concentrates resumed the third week in December after about 1500 tons had accumulated.

Over-The-Counter Mines

AQUARIUS PORCUPINE GOLD MINES has called the annual meeting of shareholders for January 22 at 2.15 p.m. at the head office, 100 Adelaide Street, West. The company now has an active campaign underway, with a shaft to be sunk to 500 ft. on its property in the Night Hawk Lake district of north-east Porcupine. Electra Porcupine Gold Mines annual meeting will be held on the same day while Armistice Gold Mines' shareholders will meet at 3 p.m. on January 22.

GAN COPPER MINES has signed a contract with DeMorest Drilling Co. of Noranda for 5,000 feet of diamond drilling on its 500-acre property in the Francoeur-Aldermac section of Quebec. Drills are being moved on to the property and it is expected that actual drilling operations will commence the first of next week. Gan Copper has an area, on surface, of dalmatianite, having dimensions of approximately 1500 by 2000 feet. Several prominent engineers and geologists have advanced the opinion that the formation is typical of Waite-Amulet.

Unlisted Mines

(By Draper Dubie & Co., Toronto)

	Bid	Ask		Bid	Ask
Armistice	.08	.09	Moffatt H.	.04	.04½
Arncoeur		.05	Mooshla	.02	.02¼
Athona	.03	.03¾	Mosher	.06	.03¾
Acordia	.24	.27	Nat. Malar	.45	.48
Albany R.	.10	.11	Negus	1.06	1.10
Amal. Kirk	.12	.13	New Ribago	.00⅝	.01
Area	.04¾	.05¼	N. Augarita	.40	.42
Argosy	.08½	.09¼	Norbeau	.25	
Barber L.	.02	.02½	Norwin	.04	.05
Beresford	.00¾	.01½	Northland	.12	.13
Bilmac	.02	.02¾	Oklend	.08½	.09½
Bonetal	.62	.64	O'Leary M	.01½	.02½
Brock	.41	.42	Obaleki	.01½	.02½
Calder B.	.02¾	.03½	Opemiska	.03	.04
Camlaren		.02½	Oriole	.00½	.01
Can. Pand.	.01½		Orpit	.04	.04½
Century	.16	.17	Ossian	.00¾	.01¼
Cheminis	.03¾	.04¼	Pan. Can		.05
Coin Lake	.01	.04¾	Phoenix M	.03¼	.04
Cont. Kirk		.04	Polaris	.11	.13
Cresc. Kirk	.01	.01½	Pontiac	.06	.07
De Santis	.28	.29	Presdor	.05¾	.06
Dempsey	.00¾	.01¼	Privateer	.60	.63
Dona Pat.	.02	.02½	Pascalis	.33	.34
Dictore		.02½	Pelangio	.02	.02½
Dubuisson	.15	.17	Porc. Creek	165.00	175.00
Eastward	.24	.26	Porc. Lake	.04½	.05½
Elmos	.08½	.10	Proprietary	2.75	2.85
Fleming	.03	.04	Quebec M.	.06½	.07½
Gordon L.	.00¾	.01¼	Rahn Lake	.01	.01¾
Hiawatha	.04	.06	Red Gold		.03
Hoyle	.35	.36	Rand Mal	.09	.10
Hugh Pam.	.11	.11¾	Raymond T	.03	.05
Hutch. L.	.01	.01½	Routhier	.01	.02
Jason	.47	.50	Sachigo	2.75	3.00
Kenricia	.01½	.02	Senore	.13	.15
Kienna	.04½	.05½	Shenango	.01	.01¾
Kewagama	.01½	.02½	Sheldown	.05	.06
Kirk. Gate	.01	.02	Skynner	.05	.06
L. Dufault	.26	.27	Smelter	.01¼	.01¾
L. Geneva	.03½	.04½	Springer	.19	.20
L. Rowan	.04	.05	Stadacona	.06	.07
Lardego	.00¾	.01½	St. Pierre	.01	.02½
Lowery P.	.19	.21	Thomp. C.	.03	.03½
McCuaig R	.03	.04½	Thomp. L.	.19	.21
McFarlane	.00¼	.00¾	Tombill	.35	
McLellan	.06	.07	Tonawanda	.00¼	.01
McMarmac	.35	.37	Virita		.05
McVittie K	.00½	.01½	Walker Pat	.00½	.01½
Magnet L.	.20		W. Red L.	.04	.05
Magnet C.	.94	.96	Winoga	.02½	
Margaret R	.09	.10	Westwood	.02	.03½
Martin B.	.01	.01¾	Woco	.03	.04
Matachewan	.04½	.05	Yama	.25	.27
			Young Dav	.24	.25

Share Options and Underwritings

ACME GAS & OIL CO., LTD., has advised The Toronto Stock Exchange that owing to the illness of one of the principals, the time for exercising the Jan. 2 instalment, comprising option on 50,000 shares under agreement dated November 28, 1940, particulars of which were given previously, has been extended until January 16.

DUQUESNE MINING CO. has received payment covering the January 5th option instalment, comprising 150,000 shares under agreement with George H. Johnson dated October 21, 1940. Next instalment comprises a similar number of shares exercisable by February 20 Issued capital is 2,527,312 shares, leaving 2,472,688 shares in the treasury.

MORRIS KIRKLAND GOLD MINES advises that payment has been received covering the underwriting on 50,000 shares as provided in the agreement with J. M. Scott, Jr. & Co. dated December 30, 1940. The shares were taken at 5 cents a share. Issued capital is 2,942,717 shares, leaving 57,283 shares in the treasury.

STRAW LAKE BEACH GOLD MINES advises that 20,000 shares have been issued to employees of the company at 5 cents a share under arrangement whereby employees were permitted to take part of their remuneration in the stock of the company. Issued capital is 3,575,645 shares, leaving 924,344 shares in the treasury.

Orpit Gets Financing for New Development Program

Toronto Bureau The Financial Times

Toronto. — Orpit Mines Ltd. has completed a deal with local interests for financing a new exploration program, including diamond drilling on the company's McAuley-Brydge group of claims in Bristol township, Porcupine area. The new financing interests have agreed to purchase treasury shares of the company at 5 cents a share and have been granted options on additional stock at higher prices, it is learned.

The company plans to carry on an immediate program of diamond drilling to follow up the encouraging results obtained in earlier drilling on the ground in which values up to $90 over width of 5 ft. were obtained. A contract for the drilling has been signed with the Ryan Diamond Drilling Co. and is stated to have been paid for in full. A drill will be moved onto the property shortly with the first hole in the new campaign to be started by the end of the week.

Mine Finders Ltd. Issues Balance Sheet for 1940

Toronto Bureau The Financial Times

Toronto.—Balance sheet of Mine-finders Ltd. as at Dec. 31, 1940, shows current assets of $9,325, of which $6,317 was in cash, the remainder being loans and accounts receivable. In addition shares in other companies are shown at $263,-159, while investments in affiliated companies total $400 and interest in unpatented mining claims, $8,-441. Current liabilities total $7,431 made up of loan payable to Rhodes Exploration and Finance of Canada. There are 816,506 shares issued of the 1,000,000 authorized. Operating expenses in 1940 totalled $2,367, bringing total deficit to $5,859.

The auditors' statement points out that the value in shares in other companies has been changed by purchase of 750,000 pooled shares of Electra Porcupine Gold Mines and the payment made by Anglo Sudbury Nickel Corporation, Ltd.

Annual meeting will be held at 11 a.m., Jan. 22, at the company's head office, 100 Adelaide west.

Kerr Addison Puts New Equipment Into Operation

Kerr Addision Gold Mines new ball mill went into operation this week and installation of the additional classifying equipment will be completed next week. Delivery of the hoisting equipment ,on which some delay has been experienced, is expected shortly and with the time to install same estimated at two weeks, it is likely the increase in the daily milling rate from 1200 to 1800 tons a day, will occur late this month or early in February. Production for the final quarter, as anticipated by the management, was moderately lower than the abnormal third quarter's returns of $1,020,854.

POLARIS MEETING

Polaris Gold Mines (Canada) Ltd annual meeting of shareholders will be held in Detroit on January 18 at 11 a.m. to receive reports for the past year, and to elect directors.

Another Turner Valley Well Financed Through Royalty

Calgary. — The sixth well to be drilled on the northwest extension of Turner Valley, to be known as Atlas-British Dominion No. 2, is to go down in LSD 4-17-21-3 W5, one and a quarter miles northwest of Alberta Oil Incomes No. 2. Drilling is expected to start early in February. It is being backed jointly by Atlas Investments, Ltd., British Dominion Oil & Development Corp., the Wales Petroleums Ltd. and Clifton C. Cross & Co., who are purchasing or underwriting an issue of 55 per cent preferred royalty, netting $176,000 or $3,200 per one per cent to cover drill costs. The royalty, a part of which will be made available to the public by the underwriters, is preferred to the full extent of the retail issue price—$4,000 per one per cent. Gross royalties against the well total 20 per cent including 12½ per cent to the Canadian Pacific Railway, 5 per cent to the Home Oil Co. and 2½ per cent to others.

Important "B.C." Vein Cut In Cariboo Gold Workings

Cariboo Gold Quartz Mining Co. has encountered in the main cross-cut tunnel what appears to be the "BC" vein, according to word received in Vancouver from R. R. Rose, managing director. In reporting the strike Mr. Rose states that information regarding width and grade will be made available later. The "BC" vein has long been regarded among the more interesting of the Cariboo Gold Quartz showings awaiting development. Last summer the company was rewarded by encouraging results in carrying out sampling on this showing in the old workings at the "BC" shaft and results were reported by the management to warrant further development. Cutting the vein at the main level horizon is an important step toward exploiting the new potential source of ore for the operation, and makes the sixth main ore zone under development from the main tunnel.

Kelson Red Lake Control Acquired by Cochenour

Kelson Red Lake Mines shareholders at a special meeting were informed that control of the company is now in the hands of the Cochenour Willans Gold Mines, and although the minority shareholders raised a voice, the latter company elected a board of directors for Kelson representative of its own control. Cochenour Willans purchases control of the Kelson mainly in acquiring the interests of J. Munroe for a reported $10,200, and in paying taxes and meeting other outstanding liabilities. It now controls approximately 800,-000 shares. Including Cochenour Willans shares, which were involved in the purchase, the Kelson claims are carried in the new control at roughly $35,000 expenditures.

San Antonio Grade Not to Be Altered By Mill Increase

The increase in milling capacity from 330 to 550 tons daily at San Antonio Gold Mines, for which equipment has already been ordered is not expected to result in any great change in average grade of ore treated, it is learned. In spite of this, it is possible that conditions might arise to alter the company's policy in this regard either one way or the other. While it will be impossible to secure definite information on the point until the addition to the mill capacity turns over, it is hoped that the increase in milling capacity will allow a continuation of recent costs offsetting the increase in the price of supplies the company has to purchase.

FRANCOEUR GOLD MINES

Francoeur Gold Mines December production is reported at $45,087 from treatment of 6,552 tons of ore for an average recovery of $6.88 per ton. This compares with November output of $45,650 and brings total for 1940 to $470,002 as compared with $354,546 in 1939.

1940	Tons Milled	Recovery	Average Per Ton
1st quarter	14,037	$ 95,710	$6.82
2nd quarter	15,414	111,771	7.25
3rd quarter	16,668	125,259	7.17
October	6,348	45,525	7.17
November	7,245	46,650	6.44
December	6,552	45,087	6.88
Total 1940	66,264	$470,002	$7.09
Total 1939	56,947	354,546	6.23

SENATOR OUTPUT IS SATISFACTORY

Company Reports December Production of Over $72,000 From 7,943 Tons

Senator Rouyn Ltd. production for the period Dec. 16-31 inclusive is reported at $32,551 from treatment of 4,118.6 dry tons for a recovery of $7.90 per ton, and brings output for the full month to $72,068 from 7,943 tons, an average recovery of $9.07 per ton. One full day of operation was lost due to the holidays. From commencement of milling in the leased Arntfield mill on Oct. 15 to Dec. 31, a total of $182,-209 has been recovered from the milling of 20,710 tons for a recovery of $8.97 per ton. During this period a considerable quantity of dump ore was treated, substantial gold absorption by the mill occurred, both factors contributing to a ton recovery lower than genuine average. Average for all ore reduced up to Dec. 31 is calculated at $10.81 per ton.

During December ore was withdrawn from three stopes on the 375 foot level and two stopes on the 500 foot horizon. Broken ore position is advancing steadily.

Construction of the company's own cyanide plant continued without interruption. The mill building is completely housed in and is now being roofed, while the crushing plant has been erected and is now being sheathed. The conveyorway which will connect the two main units, has been commenced. Upon completion all outside construction for this year will have been effected.

Bilmac to Vote On Increase of Capital

Toronto Bureau The Financial Times

Toronto.—Bilmac Gold Mines Ltd. has called a special general meeting of shareholders for 11 a.m., Jan. 18, in Toronto, to approve an increase in the company's capital from 2,000,000 to 3,000,000 shares.

In a letter accompanying notice of meeting, L. F. Hogarth, president, states that it is felt a determined effort should be made to procure funds to bring the property into production and that the present is believed a favourable time to sell the company's shares. Property is equipped with an 80 ton mill and is lying idle. Total of 1,944,113 shares of the present authorized capital have been issued and it is therefore necessary to raise the capital. The option granted last May to Sylvanite Gold Mines was not taken up following a limited amount of work carried on by that company.

PROGRESS MADE AT BROCK GOLD

Shaft Sinking and Station Cutting Pushed On Kirkland Property

Toronto.— Brock Gold Mines has completed a station for the first level at a depth of 200 ft. in the new three compartment shaft being sunk to an objective at 600 feet, R. H. Brown, president, informs The Financial Times. Timbering of the station has been completed. Excellent time is being made in sinking the shaft and the opening had reached a depth of below 250 feet. The next level will be established at a depth of 327 feet and should be completed before the end of the current month while two more levels will be established at 452 and 579 feet. Levels in the Brock Gold shaft will correspond to those at the adjoining Upper Canada Mines. The new electrical mining plant installed last fall is stated to be operating satisfactorily.

The shaft is located between the north and south zones, in which diamond drilling indicated important ore possibilities. It is sited with a view to testing the south zone first and is practically on the north flank of that structure. The south zone lies on line of strike of the main zone from Upper Canada, and has been explored by drilling over a length of 1,100 ft. The north zone, which lies about the centre of the property and just north of the main porphyry mass, has been traced for approximately 2,000 ft. A great deal of information is now available about conditions at Upper Canada at the horizons to be tested and this is expected to be of great assistance in correlating Brock results.

Sheep Creek to Put Lucky Jim Into Early Production

Vancouver.—Since purchasing the property and plant of Lucky Jim Lead & Zinc a few months ago from the liquidator of the company, Sheep Creek Gold Mines Ltd. has cleaned out the workings and put the stopes in readiness for mining. The mill has also been prepared for operation and has been given trial runs. Prior to putting Lucky Jim on steady operation it is understood Sheep Creek Gold management is endeavouring to effect a contract with a U.S. smelter for treatment of the concentrates. Negotiations are rendered slower than would ordinarily be the case as smelters across the border are working practically at capacity.

The Western Oils

Home Oil No. 6 Well Completed — New Field Indicated in Steveville Area — Anglo-Canadian Group Report — Home Oil No. 1 Improved — Alberta Production Higher — Princess Well Looks Good

Calgary. — Home No. 6 reached completion last week. Drilling was halted 466 ft. in the lime at 8446 ft. Preparations are now being made to bring the well into production. Principal productive horizon appears to be a 55-ft. section between 8380 and 8435 ft.—the lower porous zone—which shows porosity ranging from fair to good. The upper porous section drilled between 8095 and 8205 ft., showed some porosity. Home Oil Co. has a 90% net interest in the well, only royalty payable being 10% gross to the Alberta Government. The well is the farthest south of the six Home wells.

At Home No. 1 to date the narrow porous section in the first stretch of limestone and the thick upper horizon in the main body of lime have been opened up by gun-perforation, after which each horizon received three small wash shots of acid of between 200 and 500 gallons each. While the outlook is regarded as favorable, no sustained production test has yet been made and no accurate estimate of the well's present potential is possible. Home No. 6 is expected to be kicked off immediately.

The heavy duty rotary rigs from the Home No. 1 and No. 6 will likely be used to drill Argus No. 2 and Home No. 9. Derrick has been completed at the Argus site and cellar and foundations are ready at Home No. 9.

The Anglo-Canadian group of 20 wells produced 75,528 bbls. of oil in December, a decrease of 10,396 bbls. from the previous month. The reduction is due to the decrease in proration in the Turner Valley field.

The Extension Oil Company's two wells showed a decrease of 4,587 bbls. in December as compared with November, December production being 14,437 barrels.

The Arrow No. 1 well in December produced 9,853 bbls. off 10,,265 from November while Arrow No. 2 produced 11,092 bbls. up 1,747 bbls. The total for the two wells was 20,-945 bbls.

Twin Valley No. 1 produced 11,-658 bbls., up 3,826 over November.

The Home No. 1 well has overcome its mechanical troubles and recommenced testing operations. The well encountered three line horizons. According to D. B. Layer, the Provincial Government geologist, the porous sections in the two upper line horizons are very small while it is better than normal in the lower horizon.

John Galloway, Alberta superintendent for Standard Oil Co. of B. C., which recently brought its No. 2 well in the Steveville area into production, stated that if oil flow is maintained at the present rate the Steveville area can be classed as an important crude oil field. The well was brought into production last Monday in the Madison lime and is reported to be flowing crude oil at the rate of about 160 bbls. a day under 75 lbs. pressure. The oil of 25 to 27 degrees gravity, is accompanied by heavy gas flow. Mr. Galloway states that tankage is being installed at the location as quickly as possible, following which the mill will be utilized and given a thorough production test. Since the Madison lime was encountered at a depth of around 3,-200 ft. in this part of the Steveville area, economical drilling can be carried out, with the cost of an individual well not expected to exceed $30,000 or $40,000. An early announcement of further development plans is expected from major companies in this field, the most important of which is Anglo-Canadian Oil, holding around 60,000 acres on the structure.

Alberta's 1940 oil production was approximately 8,494,500 bbls. valued at about $10,440,000, according to a preliminary estimate made Tuesday by F. K. Beach of the Conservation Board. This compared with 7,594,411 bbls., worth $9,389,-540 in 1939; 1938 figures 6,742,039 bbls. worth $8,639,488, and 1937 figures of 2,796,908 bbls, worth $4,902,-738. On the basis of these preliminary 1940 production figures' total reocrded Alberta oil production since 1914 is 36,605,352 bbls., of which Turner Valley crude wells have, since 1930, accounted for 24,-010,147 bbls. Of the estimated 1940 total of 8,494,500 bbls. Turner Valley crude, naphtha and shallow wells and absorption plants accounted for 8,452,900 bbls.

The Brown-Moyer-Brown group of 13 Turner Valley wells reports total deliveries during December of 41,417 bbls., worth $54,862.20, as compared with November 47,750 bbls., worth $63,262.30.

In an eight-hour test over the week end, the Standard of B.C. Princess No. 2 well in the Steveville area flowed at the rate of 381 barrels a day, according to company officials. Oil was clean, and accompanied by a gas flow of around 10 million cubic feet a day. After the initial production was shut in about ten days ago, a 20-foot section of the Madison lime stone between 3,-245 and 3,265 feet depth was opened up by gun-perforation last week. The well was then cleared of drilling compound and was brought into production late last week, going on test shortly afterward, when the flow was turned into tanks. If the well can maintain its present performance, it may be decided to take production from the well without any acidizing. When first brought into production the well produced around 160 barrels of oil a day for over a week, and gun perforation has apparently improved both gas and oil flow from the Madison zone.

If the Steveville area is developed into an important oil producing area, which is believed highly likely on the basis of the latest tests, its location will permit ready marketing of the crude oil produced. The discovery well is located within a few miles of the C.P.R.'s Empress line which runs through a good farming area to the east to Moose Jaw and to the West towards Calgary.

MINING MARKET RECORD

Transactions on TORONTO STOCK EXCHANGE

Stocks—	Sales	High	Low	Last Sale Tuesday	Change	—1941— High	—1941— Low
Aldermac	5,850	.15¼	.15	.15	—1	.38	.10
Amm Gold	2,500	.01½	.01⅛	.01⅛	—⅜	.06½	.01
Anglo Huronian	300	2.65	....	....	+5	3.00	1.40
Arntfield	6,500	.07¼	.07	.07	......	.17	.04
Ashley	2,000	.05¼	....	....	—¼	.07	.02
Astoria Que.	3,000	.04	....	....	—⅞	.05	.02
Aunor	4,025	2.40	2.22	2.40	+20	2.68	.91
Bagamac	4,200	.14	.12	.13	+2	.18½	.03
Bankfield	22,700	.07½	.06¾	.07½	+⅝	.28	.05
Base Metals	9,300	.11	.09½	.11	+1¼	.33	.07
Bear Exploration	35,600	.15	.13	.14	—1	.15	.02⅝
Beattie Gold	7,186	1.20	1.14	1.20	+4	1.26	.70
Bidgood K.	151,501	.13½	.08¾	.11	+2	.52½	.09
Big Missouri	2,000	.05	....	....	......	.14	.04
Bobjo	11,200	.07¼	.06½	.07¼	+¼	.11½	.03½
Bralorne	125	.10⅝	....	....	+⅛	.11	.07⅜
Broulan	137,744	1.10	.93	1.09	+15	.99	.28
Buffalo Ankerite	2,110	5.95	5.30	5.60	+35	8.60	2.75
Buffalo Canadian	41,600	.04½	.03¾	.04¼	+1¼	.04¼	.01⅛
Cariboo	600	2.55	2.51	2.55	+20	2.67	1.65
Castle Treth.	1,950	.55	....	....	......	.75	.55
Central Patricia	2,345	1.95	1.89	1.90	......	2.55	1.45
Central Porc.	54,400	.17	.10½	.15	+5⅛	.14	.05
Chemical Research	3,600	.32	.30	.30	+10	.54	.15
Chesterville	70,812	1.74	1.55	1.65	+8	1.52	.41
Cochenour Willans	18,600	.99	.96	.97	—2	1.00	.33
Coniagas	500	1.55	....	....	—15	1.70	1.30
Coniaurum	5,824	1.55	1.50	1.55	......	1.98	1.00
Cons. Smelters	217	39.50	38.00	38.75	+⅝	49.00	28.50
Delnite	30,900	1.24	1.00	1.20	+30	1.35	.57
Denison	6,500	.03¼	.02¾	.03¼	+¼	.08	.03
Dome	845	.24½	.24	.24	—⅜	.29	.16
Duquesne	171,700	.16	.14	.15½	+1	.13	.02
East Malartic	42,275	2.93	2.68	2.90	+12	4.10	1.95
Eldorado	6,321	.50	.47	.47	—3	1.23	.21
Falconbridge	6,205	2.60	2.15	2.50	+50	5.00	1.75
Federal Kirkland	12,300	.05	.04½	.04⅞	—⅛	.06¼	.01⅞
Fernland	18,000	.05¼	.03⅞	.04⅞	+⅞	.05½	.02
Francoeur	4,900	.51	.49	.50½	+½	.70	.17
Gillies Lake	7,500	.04½	.04	.04⅜	+⅛	.10½	.03½
God's Lake	2,100	.37½	.36¼	.37½	+½	.69	.25
Goldale	3,600	.16	.15½	.16	......	.23	.08
Gold Eagle	4,100	.10	.09½	.09¾	+¼	.26	.05
Golden Gate	16,700	.13	.11½	.12	......	.22	.07¾
Grandoro	3,900	.06½	.06	.06	+¾	.07	.02½
Gunnar	1,700	.36½	....	....	—½	.64	.31½
Halcrow Swayze	13,000	.02	.01¾	.02	—¼	.03⅜	.01¾
Hallnor	200	5.25	....	....	......	7.75	5.00
Hard Rock	1,100	1.10	1.00	1.06	+1	1.48	.55
Harker	55,650	.08	.05	.06½	+1¾	.10	.03
Hollinger	1,320	13⅛	13.00	13⅛	+¼	15.00	9.50
Howey	4,316	.30	.29	.29¼	+¾	.40½	.21⅛
Hudson Bay	384	26⅝	....	....	+⅞	34.90	19⅞
Inspiration	1,700	.25	.20	.25	+2	.41	.17
Int. Nickel	2,323	36.75	34.75	36.50	+1¾	47.00	27.50
Jack Waite	10,500	.25	.20	.25	+1	.42	.17
Jacola Mines	2,700	.02¼	.01	.02	—½	.05	.01¾
Jellicoe	3,217	.02½	....	....	+¼	.19	.01½
J. M. Cons.	500	.01	....	....	......	.04⅞	.00½
Kerr Addison	19,299	3.80	3.70	3.75	......	4.10	1.20
Kirk. Lake	20,440	1.05	.99	1.01	+2	1.54	.70
Lake Shore	746	19.75	19⅝	19.75	+½	32.00	15.75
Lamaque G.	300	5.15	5.00	5.15	+15	7.25	4.75
Lapa Cadillac	7,500	.11	.10	.11	+¼	.22½	.05
Lebel Oro	2,500	.02½	.01⅞	.02½	+¾	.05¼	.01
Leitch	3,525	.57	....	....	—1	.88	.41
Little L. L.	4,330	2.06	2.02	2.02	—1	3.40	1.71
Macassa	5,150	4.20	4.05	4.10	+5	4.75	2.25
McL. Cockshutt	7,600	2.35	2.24	2.25	+5	2.74	1.00
Madsen Red Lake	16,873	.61	.58	.60	......	.70	.20½
Malartic G.	19,040	1.14	1.10	1.14	—2	1.45	.54
Man. and East.	13,000	.01	.00¾	.00¾	......	.01¾	.00¼
Maralgo	2,500	.01½	....	....	+⅛	.04½	.01
McIntyre	405	50.25	....	....	—1	58.00	37.25
McKenzie R.	7,950	1.32	1.29	1.30	+10	1.47	.85
McVittie	10,200	.09	.06½	.07½	+½	.15½	.04
McWatters	6,750	.23	.22½	.23	......	.58	.20
Mining Corp.	5,930	.82	.76	.76	—6	1.33	.40
Moneta	7,200	.54	.52½	.53½	—½	.93½	.37½
Morris Kirk.	23,968	.05¼	.04⅜	.04⅜	—1	.08	.02
Murphy	4,000	.03⅛	.02½	.02½	—⅜	.03½	.01
Naybob	43,100	.31	.29	.30½	+½	.37¾	.12
Nipissing	300	1.18	....	....	+1	1.45	.85
Noranda	770	57.75	56.50	56.50	—1¼	78.50	43.00
Norgold	500	.04	....	....	—½	.06⅞	.02
Normetal	1,100	.40	....	....	+2	.60	.27
North. Empire	100	6.00	....	....	—1.45	9.85	6.50
O'Brien	2,760	1.15	1.09	1.09	......	1.81	.50
Omega	3,000	.15½	.15	.15	—½	.34	.11
Pamour	7,325	1.58	1.50	1.56	+3	2.35	.80
Pandora Cadillac	1,000	.08	....	....	......	.10¾	.02¼
Partanen Malartic	8,588	.04¾	.04⅛	.04¼	+⅛	.10	.02
Paymaster	30,700	.28	.24½	.25	+1	.53	.20
Perron	1,950	1.69	1.65	1.67	+4	2.12	1.01
Pickle Crow	4,855	2.99	2.90	2.90	—8	4.25	2.12
Pioneer	2,055	2.25	2.20	2.25	+10	2.45	1.45
Powell Rouyn	2,300	1.04	1.00	1.00	......	2.18	.60
Premier	900	.93	....	....	+3	1.42	.75
Preston	6,075	3.40	3.25	3.30	......	3.70	1.30
Reno Gold	2,600	.13½	.12	.12	......	.57	.12
Roche L. L.	16,600	.05	.04	.04¾	+¾	.06½	.02½
St. Anthony	31,850	.12	.09	.11	+2½	.21	.07¾
San Antonio	7,900	2.62	2.58	2.60	......	2.85	1.25
Sand River	5,500	.07½	.06	.07½	+2	.15	.05
Senator Rouyn	41,750	.53	.48	.52	+4	.57	.10
Shawkey	2,600	.03	.02	.03	+1	.05½	.01¼
Sherritt Gordon	10,096	.87	.80	.85	+3	1.18	.50
Sigma	1,406	8.90	8.70	8.75	......	9.00	4.00
Siscoe Gold	2,850	.57½	.54	.57½	+2½	.95	.47
Sladen Malartic	7,800	.43	.40	.42	+3½	.61	.20
Slave Lake	105,700	.18	.13½	.17¾	+3¾	.15	.02⅛
Steep Rock	34,900	1.78	1.49	1.70	+20	3.10	1.35
Straw Lake	30,000	.04½	.04	.04¼	......	.08⅛	.03
Sturgeon River	1,500	.19	.18¾	.19	+1½	.20½	.09
Sudbury Basin	2,735	1.65	1.45	1.60	+35	2.05	.85
Sudbury Contact	2,000	.05⅛	.05	.05	—½	.08¾	.50
Sylvanite	1,025	2.90	2.80	2.85	—5	3.45	1.90
Teck-Hughes	3,345	3.75	3.60	3.60	......	4.15	2.40
Toburn	600	1.70	1.61	1.70	+15	1.90	1.00
Towagmac	1,100	.14	.13	.14	......	.35	.10
Uchi Gold	8,828	.39	.35	.35	......	1.12	.25¼
Upper Canada	21,841	2.22	2.12	2.15	......	2.41	.55
Ventures	5,223	4.25	3.35	4.00	+85	4.35	1.95
Waite Amulet	2,415	4.15	3.80	4.00	+20	6.05	2.70
Wood Cadillac	2,750	.09	.08½	.09	+½	.30	.08
Wright Hargr.	4,460	7.05	6.90	7.00	+10	8.15	4.70
Ymir Yankee	4,700	.07	.06⅝	.06¾	......	.07	.04
TORONTO CURB MARKET—							
Brett Treth.	1,000	.01	....	....	+⅛	.01⅛	.00½
Pend Oreille	3,085	2.10	1.85	2.05	+25	2.35	.99
Temisk. Min.	3,000	.07¼	.07	.07¼	—1½	.08½	.02½

MONTREAL CURB MARKET

(The following issues are listed only in Montreal)

Stocks	Sales	High	Low	Last Sale Tuesday	Change	1941 High	1941 Low
Acme	......	....	....	....	......	.01	.01
Arno	......	....	....	....	......	.01½	.01½
Beaufor	4,500	.09	.07½	.09	......	.15	.03½
Bouscadillac	......	....	....	....	......	.03½	.02
xBulolo	625	17.50	....	....	......	23.50	19.00
Cartier-Malartic	......	....	....	....	......	.02⅛	.01
Central Cadillac	500	.07	....	....	......	.20	.05
Century Mining	5,000	.17	.16	.17	—½	.21	.11
Duparquet	......	....	....	....	......	.02	.00½
Joliet-Quebec	......	....	....	....	......	.08¾	.01½
Pato Consolidated	3,550	2.70	2.65	2.70	......	2.65	1.40
xPlacer Development	......	....	....	....	......	14.50	9.00

x—Montreal Stock Exchange.

Waite Amulet to Start Zinc Production in April

Waite Amulet is installing differential flotation equipment for the production of zinc, and unless there are serious delays in deliveries production of zinc concentrates should commence in April.

That this news is important to the country is evident, because there is a definite shortage of zinc supplies on this continent. How important it is for the company remains to be seen, for the concentrates will have to be smelted and refined in the United States and a limitation of treatment facilities exists because zinc ore from many parts of the world has now to be shipped through the loss of the refineries in Belgium and elsewhere in Europe. This situation has occasioned a stiffening of treatment charges which goes some distance to offset the improved market for the finished product. However, Waite Amulet directors look upon step as a very useful Canadian war measure and expect to make at least something out of it.

Relief Arlington Profits Much Lower in Past Year

Relief Arlington Mines estimated operating profit for the 12 months of 1940, based on official monthly figures, amounted to $26,086 as compared with $151,364 in the preceding year. Although nearing the end of its orebodies, the mine in December showed an operating profit of $2,318 as compared with $1,-788 in November and $12,348 in December, 1939. Gold output in 1940 was 10,602 ounces valued at $408,-177 from 31,629 tons of ore milled for an average recovery of $12.91 per ton, compared with 14,915 ounces worth $532,078 from 31,498 tons, an average of $16.89 per ton in 1939.

Pend Oreille Pays Off Power Bonds in Full

Vancouver.—The final $100,000 of the $300,000 6 per cent power bonds of Pend Oreille Mines & Metals Co. has been paid in full, according to Jens Jensen, secretary of the company. The company now has no funded debt and is in a position to accumulate funds for inauguration of dividends.

Mr. Jensen states that zinc concentrates have been shipped steadily. Lead concentrates,, however, have been stored for the past six months due to a strike at the Selby smelter, San Francisco. About 1,-500 tons of these concentrates accumulated and shipments have been resumed again.

STURGEON RIVER

Sturgeon River Gold Mines bullion production in December had an estimated value of $45,899 from treatment of 2,319 tons, an average recovery of $19.79 per ton. This compares with November output of $46,300 from 2,363 tons, an average of $19.59 per ton. Output for 1940 totals $513,756, a new high, as compared with $441,309 produced in 1939.

1940	Tons Milled	Recovery	Average Per Ton
1st quarter	7,080	$153,886	$21.65
2nd quarter	6,995	121,212	17.33
3rd quarter	6,707	112,419	16.76
October	2,326	34,040	14.63
November	2,363	46,300	19.59
December	2,319	45,899	19.79
Total 1940	27,790	$513,756	$18.49
Total 1939	26,280	441,309	16.79

STOCK MARKETS ARE EASY AGAIN ON SMALL VOLUME

Weak Trend Evident on all Exchanges Although No Pressure Seen

SELECTIVITY NOTED

The upward trend of stock markets which started around the holiday period has apparently come upon another obstacle. In any case, during the past three sessions, up to Tuesday, markets moved irregularly lower. Losses as well as gains, however, have been fractional for the most part and the volume has not been too impressive. In Montreal, however, the volume of trading has undergone a small improvement and the selectivity which has featured markets for some time has been further extended.

It would not be easy to search for specific reasons to explain the three-consecutive-days drop. Certainly, profits on the previous rise have not been steep enough to warrant a great show of profit-taking. This applies to the New York market as well as the Montreal Stock Exchange.

It may be that the beginning debate in Congress provides a slight case of jitters. Certainly the fight on various bills before the House will be noisy enough to scare a nervous community such as Wall Street. A sympathetic decline in Canadian markets could be understood too, considering the issues involved.

Then there is the question of the proposed sale of British assets in U.S., which in Canada corresponds to wholesale delivery of British-held Canadian securities. These things may be picayune, as some observers claim; it is well known nevertheless that the control of many an American concern is involved in the anticipated shuffle and this fact may be considered another plausible explanation for nervousness and irregularity.

The declines however were not accompanied by any substantial volume in New York. As a matter of fact the volume there has been below the 500,000 share mark for 3 days which shows a decided preference for the sidelines on the part of the public.

Some Issues Gain

The various irregularities notwithstanding some issues in Montreal showed appreciable gains over the week. Asbestos Corp. moved up 1⅜ on 1600 shares, Steamships preferred gained ⅞ on 1500 shares, Can. Car preferred moved upwards for a net gain of 2½ points on 2903 shares, Int. Nickel gained 1⅞ on 3600 shares, while Int. Petroleum moved up one point on 3600 shares. Dosco dropped ¼ point on 2200 shares. Imperial Tobacco was ¾ lower on 2100. Hiram Walker lost 1¾ on a fair turnover.

The London Bourse, bombed and battered, continued quietly but steady, showing a strong undertone and at the close of the weekly period, most issues were fractionally higher.

Wednesday's market again followed the irregular pattern of the previous days, moving fractionally lower on moderate volume. In New York the volume dropped to its lowest level in three months.

Few issues were able to make any headway against this trend. Compared to this action in Montreal and New York, however, the London market stood out like a beacon; industrial shares were considerably more active and scored good gains, while gilt-edged securities slipped off a fraction or two.

Montreal Stock Exchange closing averages on Wednesday, as compared with a month ago were as follows: Industrials 65.5 (67.2), Utilities 53.9 (51.5); and Papers 79.72 (83.55).

Goldwood Arranges to Reopen Its Property

Goldwood Gold Mines has made arrangements to reopen its property located on the Kenora-Fort Francis Highway southeast of Kenora, according to L. Abraham, secretary. Early last month the 3 upper levels were re-sampled and results have proved satisfactory. Crew is now preparing the mine for production and it is proposed to enlarge the milling plant from 50 to 100 tons daily. Estimated ore reserves are approximately 42,000 tons averaging $10.72, plus 15,000 to 20,000 tons of tailings running $5 a ton.

Gair of Canada Sales 10 Months Up Sharply

Toronto.—Net sales of Gair Co., Canada, Ltd., for the 10 months to October 31 amounted to $5,169,528 as compared with $4,166,386 for the full year 1939.

Income totalled $702,358, against $374,322. Net income, however, was $193,038, equal to $2.09 per share on the capital stock, only slightly above the $185,440 reported for the year 1939, as $140,550 had to be provided for income taxes and $227,500 for excess profits tax in the latest period, while in 1939 $66,142 was provided for income taxes and there was no excess profits tax.

Financial position of the company was improved, working capital being increased from $557,393 to $671,459.

Heard in the BOARD ROOM

Reports that the St. Lawrence seaway project may be introduced in the U.S. Congress within a month, and that there is "substantial agreement" between the Roosevelt Administration and the King government at Ottawa on terms of the new treaty have had little effect on stocks of Quebec power companies, which might be affected. One reason is that stocks of these companies are now selling close to the 1940-41 lows, and appear to have discounted a lot of bad news. Another factor is that, even if the project does go through at this time—there is still considerable doubt that it will get through the U. S. Congress, and the strong opposition in Canada's Parliament makes it certain the treaty won't have clear sailing up here—it will take four or five years before the power units can be brought into production. Thus, there is no immediate threat to the Quebec companies, as the war stimulated industrial expansion is likely to absorb all the power available while the war lasts.

* * *

Canadian Pacific has been a firm spot on the Canadian exchanges recently. At the same time there has been increased activity in the stock in New York, and the issue has been moving upward there. Prospects for still better revenues for the company this year are attracting wider attention, reports from New York indicate. Another Canadian stock that has been acting well in Wall Street is Brazilian Traction, with buying stimulated by encouraging reports being published in New York on more active trade conditions in the South American country, due to war stimulus to numerous industries and flow of American money into the country.

* * *

Dominion Bridge had to spend less than half a million dollars on capital account to provide new facilities to take care of wartime business — a very small amount in relation to the total of over $17,000,000 plant investment — partly because in recent years company has steadily been improving and adding to productive facilities to prepare plants to handle almost any type of business offered. President Angus makes no mention in his annual statement of current year's prospects, but in view of the national wartime production program it can be safely said that the company will have for some time all the business it can handle. Although the financial statement shows that the company's dividend requirements are being safely covered by earnings, and reveals a very strong liquid position, the company's stock at present prices—not far above the 1940-41 lows and well below the highs—gives a yield well over 4½%.

* * *

Canadian Celanese plants are reported still operating at capacity, with substantial business on hand. Effect of the removal of duties on English imports has been to ease somewhat the pressure on the Canadian industry, with no very extensive loss of business by Canadian companies. Uncertainty as to deliveries from England, shipping costs and other factors lessen importance of competition of English goods.

* * *

Selling in the utility stocks, particularly in Shawinigan and Montreal Power, which has been appearing steadily from certain quarters recently, has been continuing unabated the last few days. So far the offerings have been well taken, with relatively little effect on prices of the stocks. It is rumored that several large investors have been lightening their holdings in the utilities, and switching to other classes of securities, presumably as a hedge against possibility of higher taxes and higher raw material costs. Earnings of the utility companies have been affected adversely by the wartime tax load, but these heavier charges have been largely offset by increased gross revenues. There also has been some nervousness over possible long-term repercussions if the St. Lawrence waterways project is approved. At present prices, both Montreal Power and Shawinigan give yields of well over 5% — an exceptionally high return, compared to peace-time standards for these companies.

* * *

Announcement of another shipbuilding contract to the Davie Shipbuilding & Repairing Co., subsidiary of Canada Steamship Lines, has called attention to the large amount of business being handled by the shipyards subsidiary. Latest order, which officials have anticipated for some time, involves construction of six cargo boats, at cost of around $7,500,000 to $8,000,000, and work will be started on the order almost immediately. Since the war started, the shipyards company has been working around capacity steadily, and it is probable capacity operations will continue for the duration of the war, making the shipyards a steady and valuable contributor to revenues of the parent company.

MORE CONSOLIDATED STOCK

Consolidated Paper Corp., Ltd., advises that during the month of December the company issued 3,902 shares of its capital stock, in payment of interest, making a total of 2,549,941 shares now outstanding.

Named President

R. C. HOLBROOK has been elected president of the Wall Chemicals Canadian Corporation, Limited. A well known figure in the compressed gas industry of both Canada and the United States, Mr. Holbrook has been associated with the industry for over 20 years.

PRODUCTION OF NEWSPRINT IN DECEMBER OFF

Canadian Output for Month Was Lowest Since March of Last Year

YEAR AWAY AHEAD

Production of newsprint in Canadian mills during month of December was at the lowest point since last March, and at 252,897 tons, was almost 30,000 tons less than outturn in November. In comparison with December 1939, however, production for the month showed an increase of over 12,000 tons. Shipments in December were 24,500 tons in excess of production at 276,457 tons but were lower than November shipments by over 10,000 tons and were at the lowest level since last April.

Output in December was at a ratio of 71.8 per cent of mill capacity as compared with 77.1 per cent in November and 69.1 per cent in December 1939. Ratio of shipments to capacity was slightly higher in December than in November, however, at 78.5 per cent as against 78.3 per cent. In December 1939 shipments were at a ratio of 75.9 per cent.

Production of newsprint in Canada for the year 1940 aggregated 3,418,803 tons which represented an increase of 549,537 tons over the 1939 total and compared with 3,647,800 tons for the peak year 1937. Shipments during the year totalled 3,434,934 tons and were 574,732 tons higher than shipments for the preceding year. In 1937 shipments amounted to 3,654,669 tons.

Big Overseas Shipments

Shipments from Canada to both the U.S. and overseas markets were materially greater in 1940 than in 1939, the former being up 400,326 tons at 2,594,452 tons and the latter up 179,991 tons at 657,588 tons. Overseas shipments were greater than in either 1937 or 1936. Domestic shipments were lower by 5,588 tons last year than in 1939 at 183,894 tons.

U. S. imports from Europe reflected keenly war conditions and amounted to only 32,387 tons for the first 11 months of last year as compared with 295,287 tons for the same period of 1939.

Production last year in both the United States and Newfoundland pursued a similar trend to output from Canadian mills, the former being up 75,000 tons at 1,013,437 tons and the latter 11,500 tons greater at 354,585 tons.

Stocks in hands of North American manufacturers again declined in December, showing a reduction of 28,544 tons to 225,660 tons at end of the year.

Company Meetings

Conduits National Co., Ltd., annual meeting in Toronto, on Monday, January 20th at 11.30 a.m.

Silverwood Dairies Ltd. special meetings of debenture-holders and shareholders in London, Ont., on Tuesday, January 21st.

Dominion Oilcloth & Linoleum Co. Ltd., annual meeting in Montreal on Thursday, January 23rd at 11 a.m.

Foreign Power Securities Corp. Ltd., annual meeting in Montreal on Friday, January 24th at noon.

Canadian Car and Foundry Co., Ltd., annual meeting in Windsor Hotel, Montreal, on Monday, January 27th at noon.

National Trust Co. annual meeting in Toronto on Tuesday, January 28th, at 2.30 p.m.

Bruck Silk Mills Limited, annual meeting in Montreal on Thursday, January 30th, at 11.30 a.m.

Montreal City & District Savings Bank, annual meeting in Montreal on Monday, February 10th at noon.

Sun Life Assurance Co. of Canada, annual meeting in Montreal on Tuesday, February 11th at 2.30 p.m.

The Guarantee Co. of North America, annual meeting in Montreal on Tuesday, February 11th at 3 p.m.

Montreal Life Insurance Co. annual meeting in Montreal on Monday, February 24th, at 3 p.m.

The Bell Telephone Co. of Canada, annual meeting in Montreal on Thursday, February 27th, at 11 a.m.

Woods Manufacturing Co. Ltd., annual meeting in Montreal on Wednesday, March 12th, at noon.

The MARKET TREND

By D. L. M.

ACTION of the stock markets during the past week has been mildly encouraging, from a technical standpoint. The Canadian markets have shown a firm undertone, with volume slightly better in periods of strength than during weakness.

The New York market this week (up to the close Wednesday) was edging downward slightly, on quiet trading, but such easiness isn't surprising in view of the fact that the Wall Street averages have been creeping up steadily, if slowly, since late December, and some selling was bound to crop up sooner or later. New York market observers, who have contended that the Sept.-Dec. decline (which retraced approximately one third of the previous June-Sept. rally) should be classed as a full intermediate downswing, have been watching closely the averages as they have approached the November highs. The rail average is about a point below the November high, and the industrial average less than six points to go. If the fall decline is to be conceded as a full intermediate decline (a debatable point), penetration of the November highs by both averages on volume would, according to chart students, establish the major trend at New York as definitely upward.

* * *

The markets, of late, in day-to-day movements have appeared more sensitive to international news than to domestic developments. Consistently firm tone at London has reflected better sentiment as result of British and Greek victories; and the same factor has helped the markets on this side.

Apart from the war changes, favorable factors have included whittling down of British-held stock overhanging the markets. In Canada several blocks of stock, formerly held in England, have been and are being distributed in off-the-market selling. In New York such off-the-market absorption of British-held stock has been going on daily in large volume. In addition, plans are well advanced for some arrangement which will take up British-held stock, entire, and free the markets of the threat of impending large-scale liquidation.

* * *

There is a widening belief, also, that an inflationary price trend may develop in the United States, and possibly to some degree in Canada. This belief is based on the evidence that the U.S. government will finance its deficits from bank reserves, leaving a rapidly expanding public purchasing power to increase tremendously purchases of consumption goods; thus, there might be price increases due to shortages in certain lines. Canada is seeking, through various means, to divert increased national income into financing war expenditures and away from purchases of non-essential goods. The government financing program this year is a huge one, and if it fails, even in part, inflation possibilities will be increased.

C. W. Lindsay Had Wide Gain in December Sales

Following a meeting of directors of C. W. Lindsay & Co., Ltd., it was reported that business for December had shown an increase of 1% over December, 1939.

For the first ten months of the company's current fiscal year to Dec. 31, 1940, net sales showed a gain in excess of $145,000 over those of similar 10 months of 1939.

Maritime Tel. & Tel. Sets New Long Distance Record

Long distance toll traffic on the Maritime Telegraph & Telephone Co.'s system set another record in November. The total number of completed calls — 156,817 — was 23,484 greater than the corresponding month last year, an increase of approximately 17.6%.

NEW YORK SEAT AT LOW

New York. — Sale of a New York Stock Exchange membership for $33,000 is reported. This is off $2,000 from the previous transactions. Another seat was sold at $31,000, new low since 1899 when a membership sold for $29,500.

PRAIRIE GOLD PRODUCTION

Winnipeg. — Manitoba and Saskatchewan produced during September 20,466 fine ounces of gold, it is reported in the monthly survey of the Dominion Bureau of Statistics. The two provinces recovered 188,066 ounces of the yellow metal during the first three quarters of the current year.

QUEBEC POWER OUTPUT

Quebec. — Output of central electric stations in Quebec province during 1940 totalled 14,663,107,000 kilowatt hours, compared with 13,887,638,000 a year ago. The daily average was 43,770,000 kw.h. in 1940 and 41,580,000 in 1939.

Advertising Manager

SYDNEY R. SKELTON, whose appointment as advertising manager has been announced by The Goodyear Tire & Rubber Co. of Canada.

Ontario Manager

W. L. KNOWLTON

The Canada Permanent Trust Company announces the appointment of W. L. Knowlton as Manager of its Ontario Branch. Mr. Knowlton is an honour graduate of both the University of Toronto and Osgoode Hall. He entered the service of The Canada Permanent Trust Company in September, 1930, and in his capacity as senior Estates Officer has gained a wide knowledge of the administration of Estates and Trusts.

HIRAM WALKER NET IS SLIGHTLY LOWER

Taxes More Than Offset Gain in Gross Profits for First Quarter

On gross profits $380,000 higher, net earnings of Hiram Walker-Gooderham & Worts Ltd. for the first quarter of company's fiscal year showed a contraction of over $50,000 as compared with the corresponding quarter of last year and equalled $2.01 a share on the outstanding common stock as compared with $2.08 a share.

Provision for taxes nearly $450,000 greater for the quarter, more than accounted for the reduction in net on increased gross.

Statement shows operating profit for the quarter under review up $460,000 at $3,012,218, and other income lower by nearly $80,000 at $39,391. Gross profits, accordingly, were up at $3,051,610 from $2,671,712 for the corresponding period of last year. Depreciation and debenture interest absorbed about the same and bank interest was down at $9,064 from $23,492. Taxes took $1,111,459 as compared with $667,145 and net earnings at $1,595,319 compared with $1,648,464 for the first quarter of the 1939-40 fiscal year. Comparative figures for the quarter are as follows:

—Quarters Ended Nov. 30—

	1940 $	1939 $
Oper. profit	3,012,218	2,552,534
Other income	39,391	119,178
	3,051,610	2,671,712
Depreciation	206,248	202,944
Debenture int.	129,518	129,666
Bank interest	9,064	23,492
	344,831	356,102
	2,706,779	2,315,609
Taxes provision	1,111,459	667,145
Net profit	1,595,319	1,648,464

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OFF-THE-MARKET DISTRIBUTION IN STOCKS UNDERWAY

Is Helping to Clear Up Balance of Repatriated U.K. Holding Canadian Issues

MAY HELP SENTIMENT

"Off-the-market" distribution has been clearing up the balance of British-held Canadian securities that were sent over here for repatriation, and is ridding some of the market leaders on the Canadian exchanges of the depressing influence of overhanging, unsold blocks of stocks.

Biggest operation under way has been sale of 30,000 shares of Bell Telephone Co. of Canada stock, being offered at 158½—an operation involving well over $5,000,000. A syndicate headed by Dominion Securities Corp. took 10,000 shares, firm, with option on 20,000 additional shares. The syndicate reports that the distribution, at the 158½ price, has been progressing much better than had been anticipated.

Other blocks that already have changed hands, in "off-the-market" sale, have included a block of 21,000 shares of Bathurst Power & Paper Co. "A" stock, 39,000 shares of Hollinger, and 6,000 shares of National Breweries.

These common stocks were part of the Canadian securities called up, in England, by the British government, and sent over here for distribution, to provide the British government with exchange credits to be used for British purchases of war materials in Canada. Bulk of these investments were bonds and preferred stocks, and the senior issues were marketed here without difficulty. In view of recent narrow markets, on the Canadian exchanges, however, trouble was found in selling the common stocks, without pushing down prices considerably. Thus, "off-the-market" distribution was resorted to.

Similar Moves in Wall Street

Such operations in Canada have coincided with negotiations in the U.S. looking to taking up of British investments in that country. Investment trusts have been bidding for purchase of British direct investments in the U.S., comprising largely U.S. subsidiaries of British concerns. At the same time, investment trust, banking and government officials have been conferring actively on possible plans for taking up at once, or in the near future, all remaining British holdings of U.S. listed securities.

"Off-the-market" sales of British holdings has been going on steadily for some time, in addition to British offerings on the New York exchange, but there still is a large balance of American securities to be repatriated in the States. An arrangement which would clear up this overhanging liquidation would eliminate one of the major causes of speculative apathy, on the stock exchanges, and at the same time solve Britain's immediate exchange-credit problem.

New York Opinions

With the role of industry at home yet to be finally settled, it is small wonder that speculation lies dormant and investment continues in the same groove in which it has been since the stock market panic of last spring. As the character of the leadership shows, the stock market in general lacks vigorous, not to say, eager, buying. On the other hand, the steady rise in bonds denotes an absence of an ominous or fundamental liquidating pressure.—"The Trader" in Barron's.

With a highly impressive performance during the past week, the railroad average approached close to the November top, although industrial issues lagged behind. From a technical standpoint stocks are at a critical level, and evidence should soon be available as to whether the underlying position of the market is strong enough for stocks to push into new high ground. It appears the part of wisdom to let the market show the way rather than to anticipate, through additional purchases, substantial price improvement.—Poor's Investment Service.

The new year has started well enough in the stock market, as prices have shown strength over a wide range of groups. The volume of trading leaves something to be desired, however, and a measure of mid-winter irregularity would not be surprising. Shocks from abroad may have to be contended with also; but the accelerating tempo of the defence program warrants clients in continuing to favor stocks that combine basic soundness with dynamic qualities. — Brookshire Counselor.

There is still considerable division of opinion on the present outlook. It may be governed by capacity of manufacturing plants to handle necessary private orders along with government's heavy requisitions, or by government's power to restrict any arbitrary bidding-up of prices, or by transportation industry's ability to move promptly the goods produced.—The New York Times.

DIVIDENDS DECLARED
and Other Official Notices

The Canadian Bank of Commerce

DIVIDEND NO. 216

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st January 1941 and that the same will be payable at the Bank and its Branches on and after Saturday, 1st February next, to shareholders of record at the close of business on the 31st december 1940. The Transfer Books will not be closed.

By Order of the Board,
A. E. ARSCOTT,
General Manager

Toronto, 13th December 1940.

The Royal Bank of Canada

DIVIDEND NO. 214

NOTICE is hereby given that a dividend of two per cent (being at the rate of eight per cent per annum) upon the paid-up capital stock of this bank has been declared for the current quarter and will be payable at the bank and its branches on and after Saturday, the first day of March next, to shareholders of record at the close of business on the 31st day of January, 1941.

By order of the Board,
S. G. DOBSON,
General Manager.

Montreal, Que., January 14, 1941.

PENMANS LIMITED

DIVIDEND NOTICE.

NOTICE is hereby given that the following Dividends have been declared for the quarter ending the 31st day of January, 1941.

On the Preferred Stock, one and one-half per cent. (1½%), payable on the 1st day of February to Shareholders of record of the 21st day of January, 1941.

On the Common Stock, seventy five cents (75c) per share, payable on the 15th day of February to Shareholders of record of the 5th day of February, 1941.

By Order of the Board,
C. B. ROBINSON,
Secretary-Treasurer.

Montreal, January 6, 1941.

CANADIAN CAR & FOUNDRY COMPANY, LIMITED

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual General Meeting of Shareholders of CANADIAN CAR & FOUNDRY COMPANY, LIMITED, will be held in the York Room of the Windsor Hotel (Dorchester Street Entrance) Montreal, on Monday the 27th day of January, 1941, at twelve o'clock noon, to receive and consider the Annual Statement of the business and affairs of the Company, for the election of Directors, and for the transaction of such other business as may properly come before the Meeting.

By order of the Board,
A. C. BOURNE,
Secretary.

Montreal, January 13th, 1941.

Higher Earnings Reported By Western Breweries Ltd.

Western Breweries Ltd., and subsidiaries report net profit of $101,670 for the fiscal year ended Oct. 31, 1940, after bond interest, depreciation, minority interest in subsidiary company, $60,000 provision for income taxes and all other charges, equal to 41c a share on 244,786 no par common shares. This compares with net profit of $61,455, after $14,150 income taxes and all other charges, for the previous fiscal year, or 25c a common share.

During the year holders of bonds of subsidiary company guaranteed by Western Breweries agreed to maturity extension of 15 years, to reduction in interest to 5½% from 7%, and to redemption at the rate $25,000 per year commencing April 1, 1941.

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